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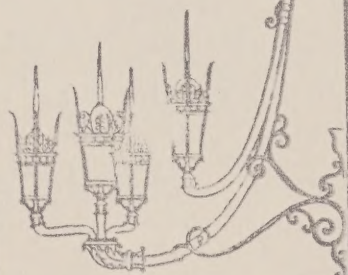
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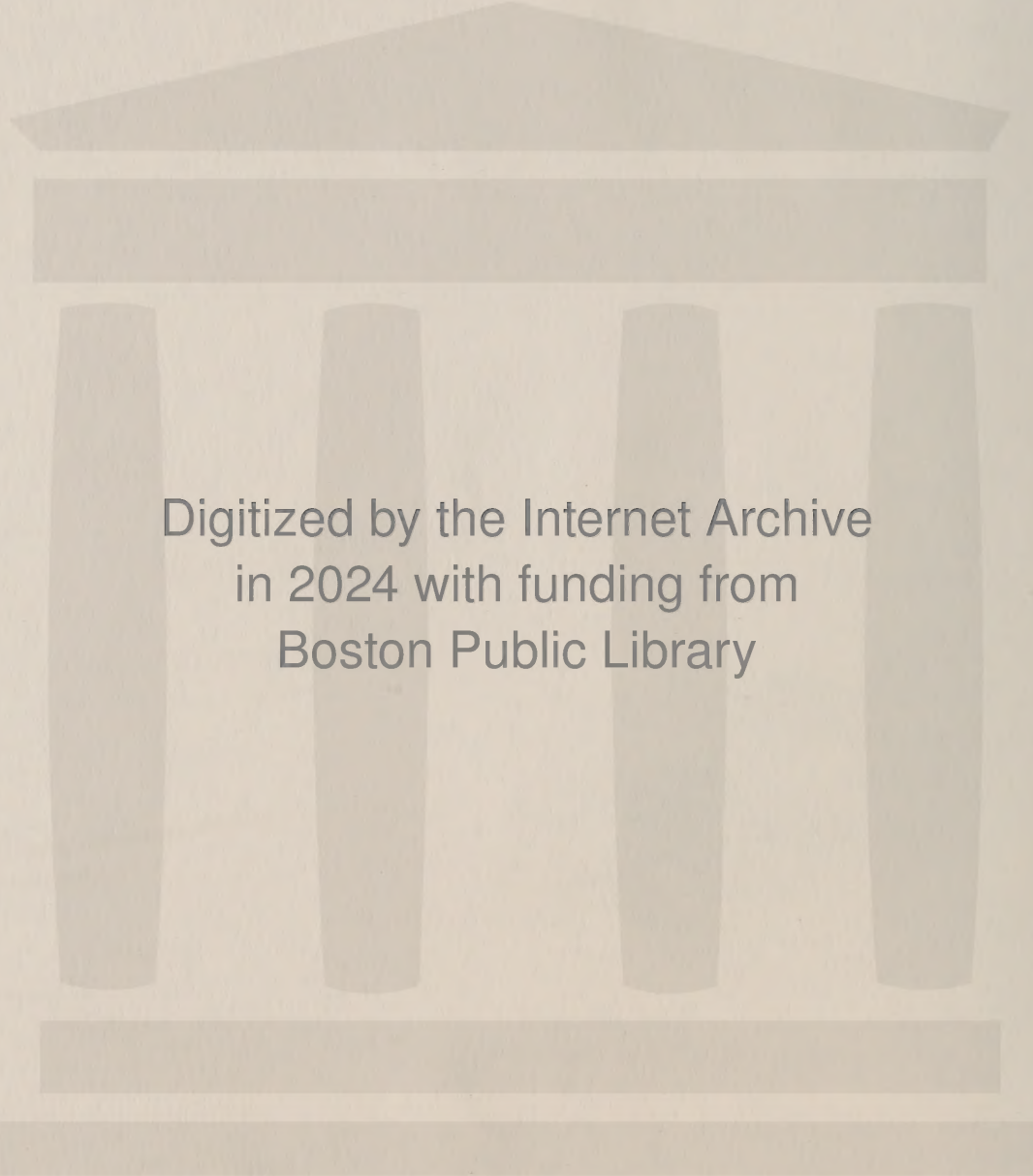
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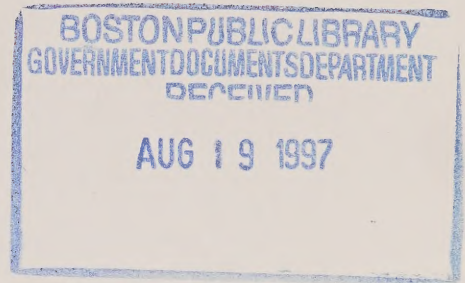


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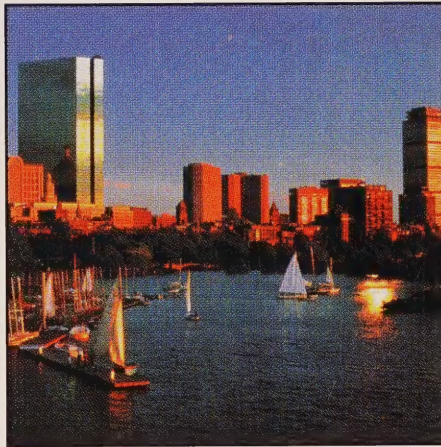
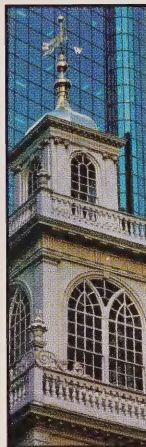
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Boston Convention & Exhibition Center



City of Boston *and the*
Commonwealth of Massachusetts

M A R C H 1 9 9 7

25 March 1997

Members of the Pre-Development Working Group
Boston Convention & Exhibition Center
Boston, Massachusetts

RE: Final Report on the Boston Convention & Exhibition Center

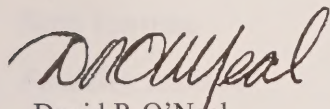
Dear Members of the Committee

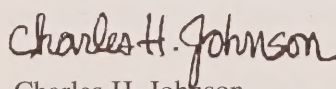
On behalf of the entire Consulting Team and its principal team leaders, ZHA Incorporated, Johnson Consulting and Fort Point Associates, we are pleased to submit this Final Report on our study of new convention and exhibition facilities. This Report refines and completes the investigations documented in the Interim Report, reinforcing our initial conclusions, and strengthening and broadening our recommendations regarding the efficacy of developing a new convention and exhibition center in the City of Boston.

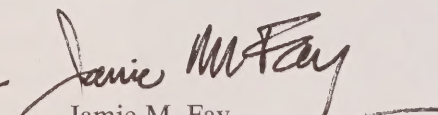
The Consulting Team owes a certain debt of gratitude to the many people who have assisted us in bringing this work forward to such a high degree of resolution. Among the supporters and contributors to this effort we include the gracious and committed residents and leaders of the South Boston Community, Greater Boston's hospitality industry and the leaders of the general business community. Also, we wish to thank the staffs and officials of the City and State agencies and the Massachusetts General Court for their patient and resourceful contributions.

We will continue to be available to you as a resource to support the potential development of new convention and exhibition facilities as an expanded economic asset for the Commonwealth of Massachusetts.

Sincerely,


David P. O'Neal
ZHA Incorporated


Charles H. Johnson
Johnson Consulting


Jamie M. Fay
Fort Point Associates



Introduction

Final Report on the Boston Convention & Exhibition Center

Since the fall of 1996, the Commonwealth of Massachusetts and the City of Boston have sponsored a study of the market potential, economic benefits, and physical implications of expansion to convention and exhibition facilities in Boston.

In January 1997, the Consulting Team, led by ZHA Incorporated, Johnson Consulting and Fort Point Associates, produced the Interim Report on the Trade and Convention Center. This report focused on eight key pre-development issues, issues upon which the public and decision-makers needed sober and realistic answers. The discussion of these issues was contained in sections entitled:

Market Issues

Economic Issues

Site Issues

Facility Issues

Community Issues

Financing Issues

Construction Issues

Operations Issues

This Final Report follows the format of the Interim Report, with refined and expanded information and recommendations in each section. An appendix is available that contains full analytical data supporting the Final Report.

Since the publication of the Interim Report much has happened, including the proposition of a new, albeit working, name for the facility, the Boston Convention & Exhibition Center, or BCEC.

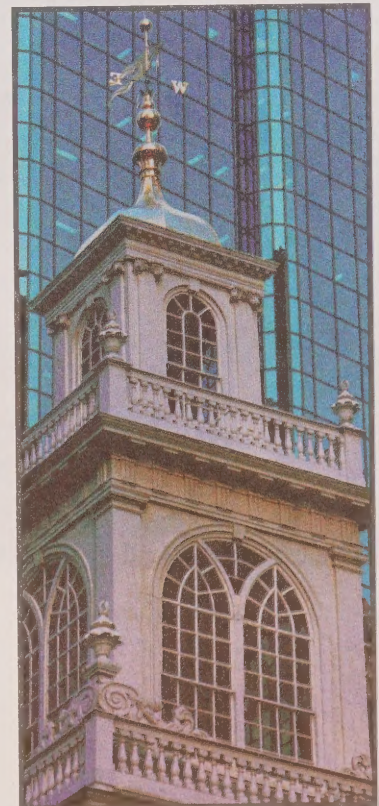
This change is intended to give the facility a distinct identity among the convention, trade and exhibition venues in Greater Boston. More significantly, it enhances the growing partnership between the public- and private-sector in making Boston and Massachusetts a more attractive convention destination.

The Consulting Team, working with the South Boston community and its leaders, Greater Boston business leaders, and a host of governmental agencies, has more thoroughly probed the heart of the eight key issues.

The definitive conclusions concerning Market, Economic, Site, and Facility Issues con-

tained in the Interim Report have been confirmed and enhanced, establishing a clearer and more precise understanding of these matters.

The Market section clearly lays out the portion of the North American convention, exhibition, and trade business that the BCEC is designed to attract. Also, this section establishes the importance of new hotels and



Introduction

BOSTON CONVENTION & EXHIBITION CENTER

provides a strategy for their development. New hotels are a vital part of the convention and exhibition economic machine.

The Economic section completes the picture of fiscal and economic benefits that, based on conservative projections, can be expected to accrue to the Boston and Massachusetts economies as a result of investment in the BCEC. The sections on Facility

and Site detail that an attractive, environmentally sensitive, convention and exhibition facility can be designed and housed at the proposed site.

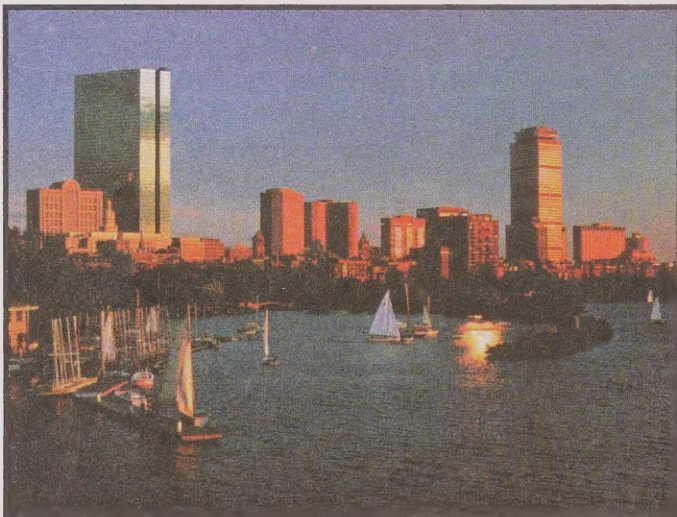
As promised in the Interim Report, the Community, Finance, Construction, and Operations sections of the Final Report contain specific, detailed recommendations covering how these issues can be managed and

resolved in a manner that creates a successful economic and community asset. Research, which throughout the effort was guided by conservative methodologies and cautious projections, forms the basis for several major conclusions.

The development of the new BCEC will generate 6,481 new direct jobs and cause the creation of an additional 4,253 indirect and induced jobs. The BCEC will provide 8,777 person-years of construction employment, and will annually attract \$436 million in direct new spending, \$328 million in indirect and induced spending, and over \$45 million in new tax receipts from outside the Commonwealth in each stabilized year of operation.

The Consulting Team has confirmed the Interim Report's overall project cost of \$ 695 million. The Final Report validates the Summer Street site as a place in Boston's urban fabric where a convention and exhibition facility can be sensibly and sensitively developed and operated.

Extensive work with the residential and business community during the course of the study has charted a course for addressing community concerns. These concerns center on relocating businesses and jobs that are currently located on the Summer Street site, minimizing negative community and environmental impacts, and utilizing the development of the facility to enhance South Boston.



The recommendations in the Finance section target fees to pay for capital and operating costs of the BCEC on visitors and benefited hospitality industries in a focused geographic area. A preferred approach to project delivery is defined in the Construction section that, assiduously implemented, will complete the development of the facility in a publicly responsible, timely, and cost-conscious manner.

In the section on Operations, the Consulting Team recommends that the BCEC be jointly operated with the Hynes Convention Center. Since the development, marketing, and operation of the BCEC presents new and complicated management challenges, a reorganized Massachusetts Convention Center Authority should be selected as the governmental agency to undertake this work.

The importance of the tourism, trade, and visitor industries in the Massachusetts economy underlies recommendations to enhance, better integrate, and provide additional resources to the marketing of Boston and all of its publicly- and privately-operated meeting, trade, and convention venues.

New England is a very special place in the context of North American destinations. Counted among its assets are the deep history of the Bay State and its Capitol, the richness and diversity of its people and culture, and the natural and man-made beauty of its environment. Together

these forces act as a magnet for people throughout the world who wish to visit and be part of this place.

The new BCEC will provide the facilities to host commercial and educational events, and provide vital means through which visitors will be welcomed to Boston and the Commonwealth of Massachusetts.

Considering the extensive work represented in the Final Report, the Consulting Team recommends that the Commonwealth of Massachusetts make the public investment to develop a new Boston Convention & Exhibition Center at the Summer Street site in South Boston.





Final Report on the **Boston Convention & Exhibition Center**

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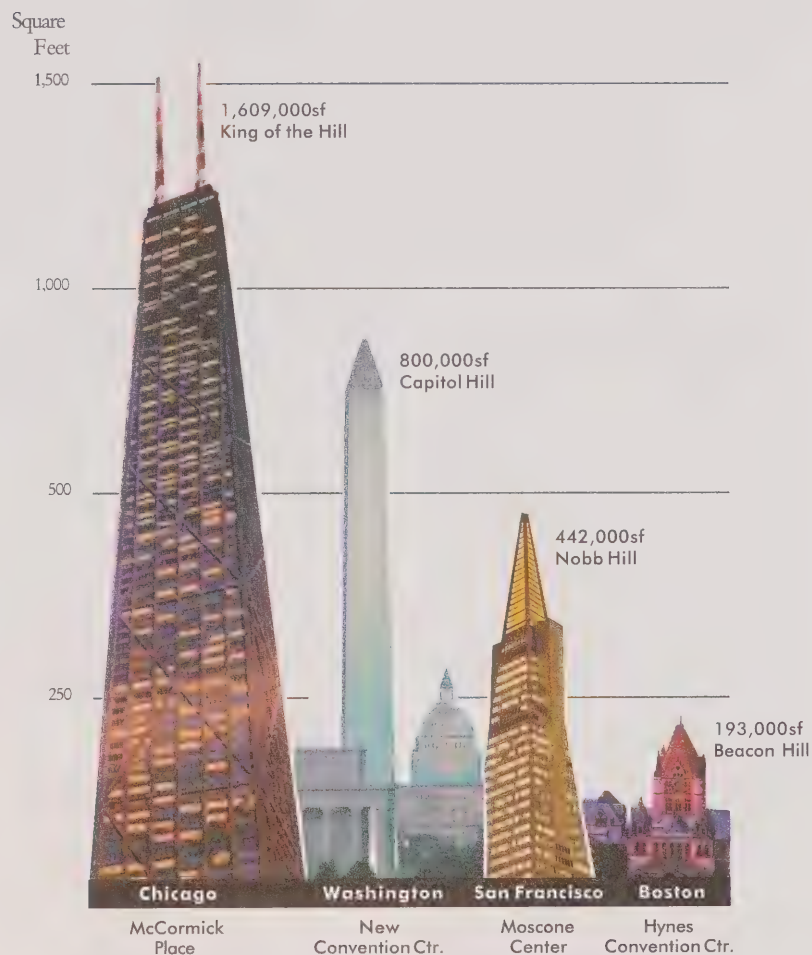
Market Issues

The Consulting Team reviewed prior market studies and conducted primary research to assess the meetings potential of Boston. Our primary research included interviews with management of the current trade and convention venues in Boston, as well as the Greater Boston Convention & Visitors Bureau (GBCVB), extensive research in the Greater Boston Hotel market and surveys of, and focus groups with, potential Boston Convention & Exhibition Center (BCEC) users.

Boston's Potential in the Meetings Market & Lost-Business Opportunities

Boston is considered a "first-tier" city, which means that it is a potential destination for most major national conventions and association trade shows. Compared with other first-tier convention cities, however, Boston has a relatively small amount of exhibit space (see graph). Even much smaller cities such as Columbus, Indianapolis, and Charlotte have more contiguous exhibit space than Boston.

These space limitations prevent Boston from capturing larger conventions and association trade shows, which are the types of events that have the highest



positive economic impact. The Greater Boston Convention & Visitors Bureau maintains a database of lost business opportunities, which is summarized in the following table.

This lost-business database indicates that the lack of contiguous exhibit space at the Hynes is the primary reason groups decide to hold their events elsewhere. Even for many

events that can fit into the combined 183,000 square feet of exhibit space, the split level configuration of exhibit halls is prohibitive. The average number of attendees at the lost events is 10,812. Several of these groups expressed regret in their rejection letters that they had outgrown the facilities in Boston and many asked the GBCVB to keep them informed of efforts to develop a larger facility.

Hynes Convention Center Reasons for Lost Business

Reason	Percent Reporting
Insufficient contiguous exhibit space	85%
Lack of Hotel Rooms	9%
Lack of Meeting Space	3%
Price	3%

Source: GBCVB Sample of Lost Business

Numerous other large associations have not even considered Boston because of its limited capacity. Furthermore, the problem of lost business will increase as the space requirements of existing shows increase. Recent industry surveys show that over 90 percent of all meetings will be expanding their exhibit hall space requirements.

Boston's Market Share

The Consulting Team analyzed relative levels of market penetration for all types of meetings using sample data from the Successful Meetings Data Bank. Consumer shows, also called "gate shows" or exhibitions that are open to the general public, such as boat shows, home and garden shows, and auto shows, were not included in the analysis because consumer shows will not be held at the proposed BCEC.

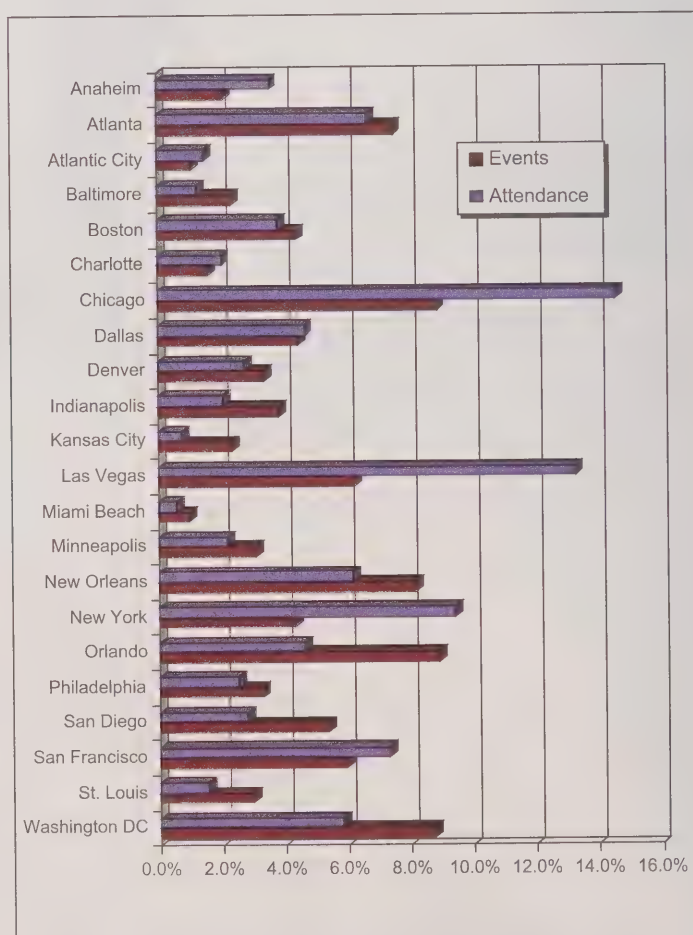
The Consulting Team compared Boston to a peer group of 21 cities that were selected because they either compete with Boston for national trade shows,

conventions, and meetings or have facilities that are similar in size to Boston's Hynes Convention Center. The number

of events held in 1996 and attendance at those events were totaled for all the cities in the sample. Each city's market share was expressed as a percentage of that total. The relative share of market penetration among these cities is shown on the bar graph below.

During 1996, Boston had a 4.4 percent share of events and a 3.8 percent share of the attendance. Among the 21 peer cities analyzed here, Boston ranked tenth in terms of attendance. San Francisco is similar to Boston in

Market Share of Events and Attendance



Source: Successful Meetings Data Bank. Excludes consumer shows and state fairs.

many ways, except that it has a larger convention center with 442,000 square feet of exhibit space. San Francisco has a 6.0 percent share of events and a 7.3 percent share of attendance when compared with its peer cities.

Boston's share of events is higher than its share of attendance, indicating that it attracts more smaller meetings than other cities. As will be demonstrated later in this report, Boston has well-above-average destination appeal. Boston's poor performance, as compared with its peer cities, must be attributed to its lack of adequate facilities to host large national conventions and trade shows. With larger facilities, Boston could expect its market share to grow to between 6 and 7 percent, similar to San Francisco's market share.

Depth of the Market

The Center for Exhibition Industry Research predicts that within the next five years, the

demand for exhibition space will grow by 23 percent, while the supply of exhibition space is expected to grow by only 12 percent.

The meetings industry mirrors the economy as a whole because each sector of the economy has its meetings component. Consequently, as the overall economy grows and diversifies, so does the meetings industry. For example, over the past 20 years, the computer industry has spawned some of the largest trade shows in the industry.

Similarly, as the medical profession has become more specialized, numerous professional associations have initiated large conventions, and the medical industry is now the largest single segment of the convention and trade show market.

The dynamics behind the trade show industry are driven by simple economics. According to the Center for Exhibition

Industry Research, a qualified sales lead from a trade show is generated at a cost of approximately \$250 while it costs over \$1,200 to generate a similar qualified lead through sales calls in a community.

Trade show delegates are "pre-qualified" sales leads. By attending a trade show, delegates have demonstrated an interest in the products and services of that industry. Ninety percent of trade show attendees are authorized to make purchases. As long as this differential in sales costs is present, trade shows will continue to grow in size and number, even during recessionary periods.

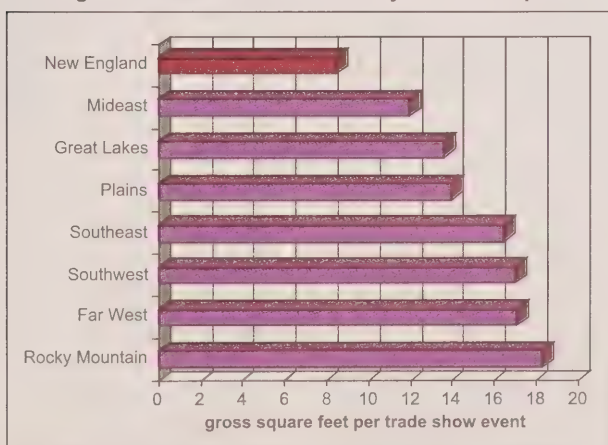
Supply of Exhibit Space

The supply of exhibit space in the New England region lags behind the nation as a whole. The Consulting Team analyzed the availability of exhibit space in eight regions of the U.S. By far, New England has the least availability of exhibit space, as shown in the bar graph. The lack of growth in the number and size of trade show events in New England is due to the lack of available venues in which to hold such events.

Compatibility with Other Venues in Boston

In addition to the Hynes Convention Center, the meetings market in Boston is served by the World Trade Center, the Bayside Exposition Center, and many

Regional Differences in Availability of Exhibit Space



Sources: Trade Show Week Data Book & 1996 Major Exhibit Halls Directory

Appropriate Uses of Meeting Facilities in Boston

Event Type	Hotel	World Trade Center	Bayside	Hynes	BCEC
Banquets	yes	yes	no	yes	ok
Conferences	yes	yes	no	yes	no
Small Corporate	yes	yes	no	ok	no
Incentive Events/ Product Introductions	yes	yes	no	yes	no
Small Conventions with Exhibits	no	yes	no	yes	yes
Large Corporate	no	no	no	yes	yes
Large Conventions with Exhibits	no	no	no	no	yes
Regional Trade Shows	no	yes	yes	ok	yes
Consumer Shows ("gate shows")	no	yes	yes	ok	no
Association Trade Shows	no	yes	no	yes	yes

currently under represented
primary market
not permitted

yes = appropriate, ok = somewhat appropriate, no = inappropriate

*Source: Johnson Consulting

overlap in demand for the various facilities will occur, the BCEC will not compete with other facilities for its primary source of demand.

The Consulting Team recommends that a formal arrangement be established that seeks to maximize the success of all convention and exhibition venues, and to avoid counterproductive competition.

Working with the GBCVB, the Consulting Team identified over 600 conventions, exhibitions, and trade shows requiring 125,000 square feet or more of gross exhibit hall space that are potential users of the BCEC. Assuming that the exhibit space requirements of these facilities will grow at an average rate of 4.0 percent per year, the Consulting Team also projected the space requirements of these events in 2010.

The chart on the following page illustrates the current and future potential market for the BCEC.

Role of the Convention & Exhibition Center

The primary role of the proposed BCEC will be to serve conventions and trade shows with exhibit hall space requirements of 150,000 to 600,000 square feet. The target market for the BCEC will be events that require approximately 200,000 square feet or more of exhibit space because these events will have the highest yield in terms of economic impact. The Con-

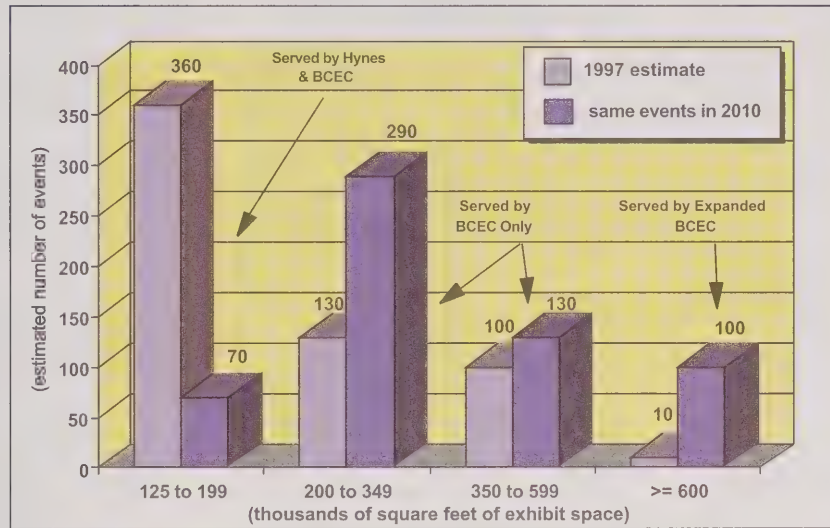
hotel conference centers. The BCEC will complement the existing facilities, because it will serve segments of the meetings market not currently served by other facilities in Boston.

The Hynes is limited to smaller association conventions and trade shows. The World Trade Center is limited to smaller trade, consumer, and association events, and hosts a number of smaller corporate and

local functions. Bayside Expo is appropriate for consumer and regional trade shows, but is limited to events that require less than 240,000 square feet of exhibition space. The chart above shows the types of events that are appropriate for existing and proposed facilities in Boston.

The BCEC is designed to serve markets that are currently under-served or not served at all in Boston. Although some

Potential Events for the Convention & Exhibition Center



Sources: IACVB, GBCVB & Johnson Consulting

sulting Team estimates that, by the year 2010, the meetings market will encompass approximately 600 such events that may consider coming to Boston.

The BCEC will be designed to accommodate up to four simultaneous events that require 150,000 square feet. Events will overlap so that while one event is moving-in or out, another will be open. An overlapping schedule of events will equalize the demand for hotel rooms and other support infrastructure over time.

Even with 600,000 square feet of exhibition space, there will be a few shows that are too large for the BCEC. As the market grows and matures, that number of events will continue to grow, and will prompt the need for expansion at some point in the future.

Role of the Hynes

The Hynes Convention Center effectively serves a certain niche in the conventions and meetings market and it will remain a viable public investment. The Hynes offers an excellent balance between meeting room and exhibit spaces. Ample meeting space is conveniently located near the ballroom and exhibit halls. The Hynes is also adjacent to one of the best multiple hotel room packages in the nation, and retail opportunities are plentiful. Meetings and conventions that do not require large amounts of exhibit space are ideally suited for the Hynes.

Although the Hynes Convention Center is an excellent facility for certain conventions and meetings, it is not appropriate for professional

association conventions and trade shows that require large amounts of contiguous exhibit space. The Hynes' exhibit halls are not only limited in overall amount of space, but the four exhibit halls are located on two levels. Non-contiguous exhibit space is generally unattractive to meeting planners because of the logistical difficulties and associated additional expense.

Even with the addition of a larger venue in Boston, the Hynes will continue to fill its niche in the meetings market. However, events that require larger amounts of exhibit space than the Hynes can provide will use the new BCEC. The Hynes will be able to replace these larger events with smaller events that are currently turned away to other cities because of space and schedule conflicts.

Most of the events that Hynes currently turns away due to schedule conflicts require smaller amounts of exhibit space. Nationally, the vast majority of conventions and trade shows require less than 200,000 square feet of exhibit space. In terms of the number of events, the Hynes will actually be serving a larger potential market than the proposed BCEC.

Role of the World Trade Center

The World Trade Center (WTC) serves a broad market segment but is limited by the size of the facility, currently 120,000 square feet of prime exhibition space, and a lack of adjacent hotels. The WTC will continue to host smaller conventions and trade events, consumer shows, banquets, and a variety of meetings. The WTC will be a prime beneficiary of the transportation infrastructure improvements and future development within the Masterplan Area, as well as the imminent opening of the World Trade Center Hotel.

Role of Bayside Exposition Center and the Fleet Center

Bayside Exposition Center will continue to host consumer and trade shows requiring less than 240,000 square feet of exhibition space. The Fleet Center will continue to host concerts, sporting events, and other arena-type activities.

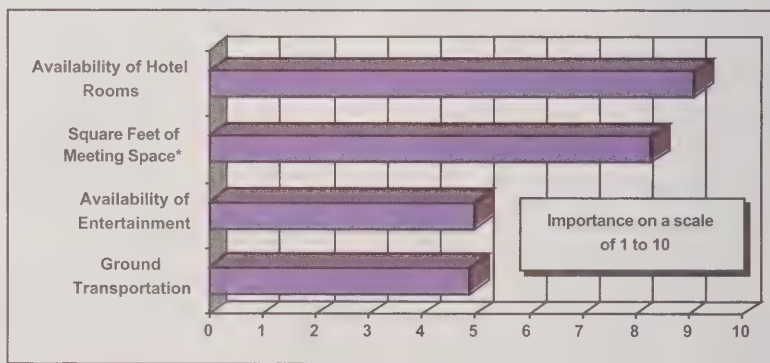
Meeting Planner Selection Criteria

The availability of hotel rooms and the amount of exhibit space are the primary concerns of meeting planners as shown in the chart below. These concerns are threshold criteria. Unless a city can meet an event's minimum requirements for exhibition and meeting space and hotels, it will not be considered as a location.

The Level of Interest in the BCEC

Surveys of potential users of the BCEC demonstrate a high level of interest. The Consulting Team surveyed trade show and convention organizers who have sponsored or planned large events. The planners were asked if they would consider holding an event in a Boston facility with 600,000 square feet of exhibit space and nearby headquarters hotels.

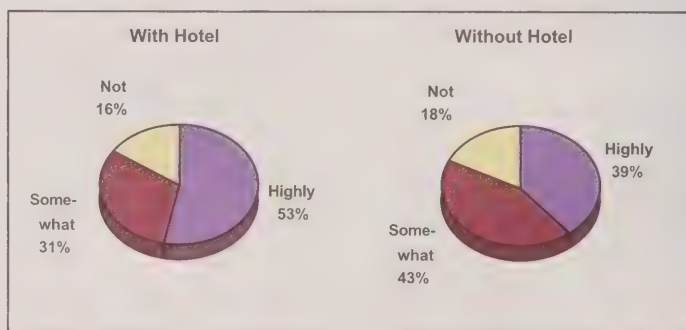
Criteria for Selecting a Meeting Site



Source: *Successful Meetings*, 1991

Meeting space is used here to refer to exhibit hall, banquet and other meeting space.

Meeting Planners' Level of Interest in the Proposed Convention & Exhibition Center



Source: *Johnson Consulting*

Preliminary results of the survey indicated that:

- 84 percent would consider holding an event in Boston.
- 53 percent of survey respondents indicated a high level of interest.
- 90 percent of respondents said their need for exhibit space will grow over the next five years.
- When asked if they would still be interested without nearby headquarters hotels, the level of “highly interested” respondents dropped to 39 percent, but 82 percent said they were still “interested” in holding an event in Boston.

Comparisons with Other Cities

Exhibition Space

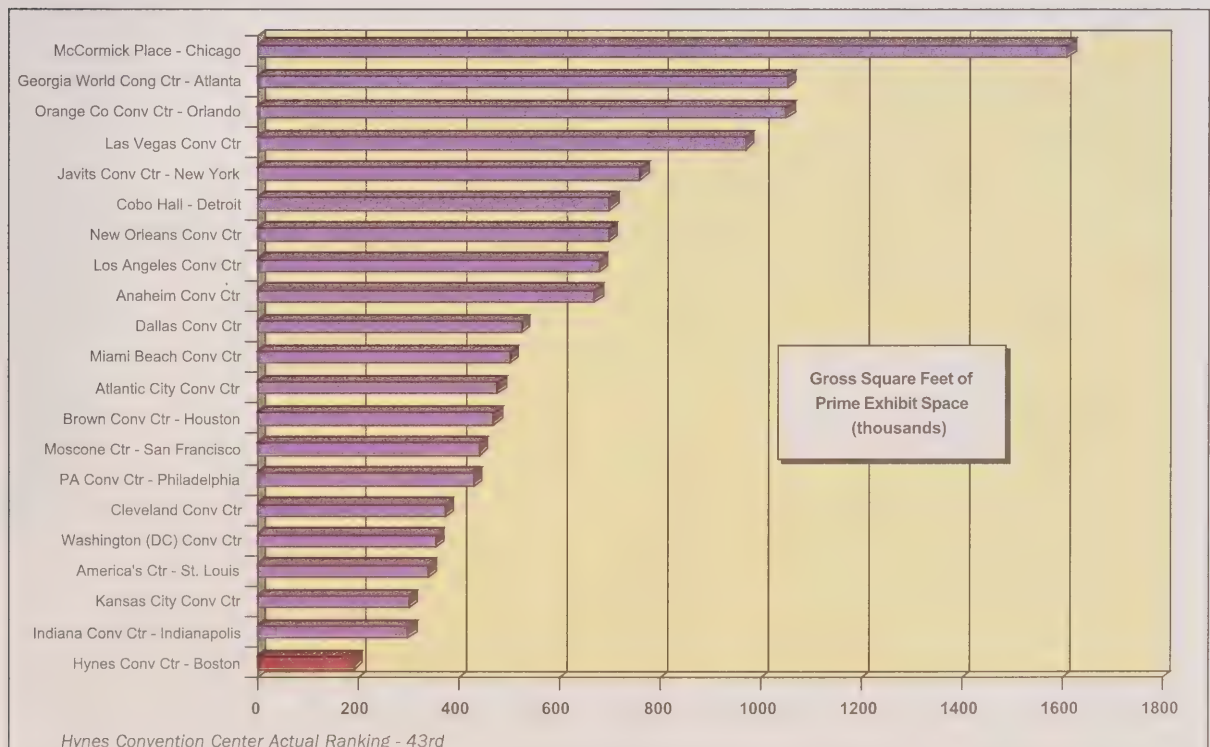
Among major U.S. convention and trade show destinations, Boston ranks 43rd in the amount of prime exhibit space in its principal convention facility.

Smaller cities such as Columbus, Milwaukee, and Tampa offer more exhibition space in their single-level exhibition halls than does the Hynes. The exhibition halls in Albuquerque, Biloxi, Myrtle Beach, Long Beach, and Syracuse are larger than any single exhibit hall at the Hynes. The ranking of major U.S. cities’ prime exhibit space is shown below.

With respect to the availability of exhibit space in Boston compared with other cities, our survey respondents gave Boston low marks. Meeting planners who required more than 150,000 square feet of exhibit space gave Boston average ratings. Boston is viewed as having an above-average hotel room package, but hotel availability becomes problematic for larger events.

In the entire metro area, Boston has approximately 23,000 hotel rooms that have potential to serve the BCEC. This is less than half the available rooms in the metropolitan areas of San Francisco and Washington, DC.

Rank in Availability of Prime Exhibit Space



Sources: ZHA & Johnson Consulting

Downtown Boston's existing hotel supply of 10,750 guest rooms ranks in the lower half of a sample of seven other major convention destination cities, as indicated in the following table. While the supply of rooms is in the lower half of its peers, the occupancy rates in Downtown Boston are among the highest, indicating that less of the existing supply is available to accommodate new demand.

This peer city comparison indicates that growth in the Boston hotel supply will be necessary to accommodate the new demand induced by trade show and convention activity. The ability of the Boston hotel industry to accommodate new demand is discussed in greater detail in the Economics section of this report.

Other City Characteristics

Our survey asked meeting planners to compare various attributes of Boston with the attributes of other cities in which they hold events. The survey results are graphically depicted in the chart on the following page.

Survey respondents indicated that Boston has an excellent ability to attract attendees, and that the city is well above average with respect to its tourist, sightseeing, and cultural amenities. It offers many fine restaurants and other opportunities for evening entertainment and has a convenient public transportation system for easy access to them. Boston is well positioned as a first tier visitor destination.

Climate

Climate is a minor consideration in the selection of destinations for national trade shows and conventions. Availability of exhibit space, hotel rooms, and the ability to draw attendees is of much greater importance. Moreover, the climate of Boston is viewed by most meeting planners as being about average compared with its regional competitors.

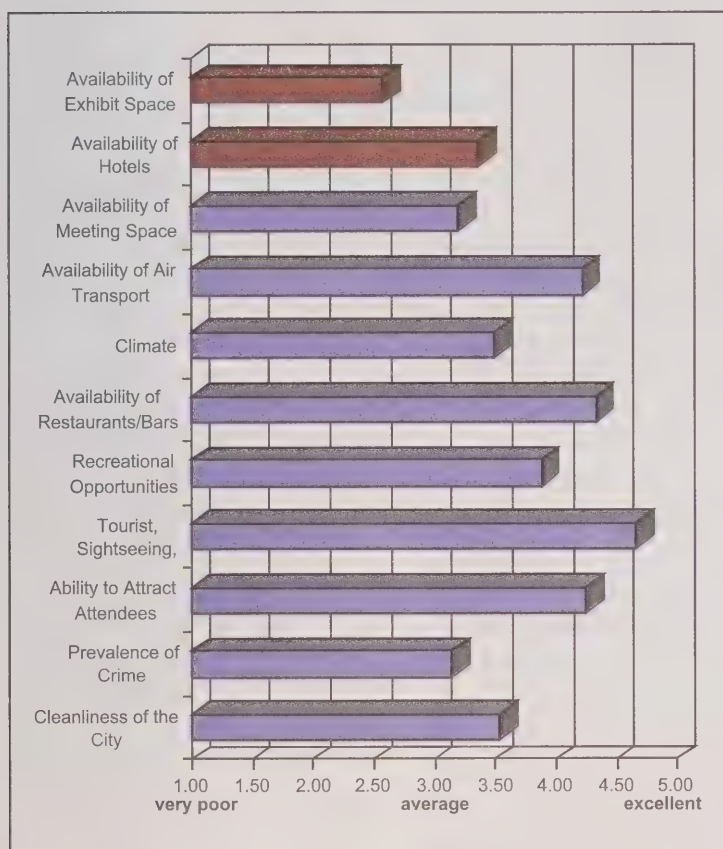
Boston's climate is similar to other major destinations such as Chicago, New York, and Philadelphia, which also have cold winters. As in the case of Chicago, air service to Boston is rarely interrupted by bad weather for significant periods. Southern destinations such as Orlando, New Orleans, and Atlanta have uncomfortably hot climates

Comparison of Hotel Supply in Peer Cities

City	Number of Hotel Rooms				Occupancy	
	Downtown			Metro Area	1995	1996 Estimate
	Within Walking Distance of Center	Other Downtown	Total Downtown			
Washington D.C.	10,483	12,708	23,191	57,282	69%	68%
San Francisco	13,136	3,481	16,617	50,944	74%	77%
Miami Beach	2,286	5,509	7,795	34,361	72%	72%
New Orleans	12,121	2,563	14,684	23,349	74%	71%
Boston	5,326	5,424	10,750	23,047	75%	77%
Philadelphia	5,156	1,650	6,806	17,948	68%	72%
Atlantic City	9,808	3,740	13,548	15,722	62%	60%
Baltimore	4,254	1,188	5,442	11,644	68%	69%
Averages	7,441	3,365	10,806	25,288	70%	71%

Source: Pinnacle Advisory Group Surveys

**Survey Results Boston Characteristics
Relative to Other Cities**



Source: Johnson Consulting Survey

during the summer months. While climate may affect the seasonal pattern of events, it does not place Boston at a disadvantage with most competing cities.

Appropriate Size of the Facility

The Consulting Team recommends development of a facility with 600,000 square feet of exhibit space. A facility of this size would provide a moderate amount of excess capacity in the

short term, but would strongly position Greater Boston and Massachusetts in the expanding national and international marketplace over the next decade.

The 600,000 square feet of exhibit space will not only accommodate larger events, but provides Boston with the ability to host simultaneous events. The facility will allow one event to set up while others are ongoing. The ability to host simultaneous events is one of the key features lacking in the existing Hynes Convention Center.

The new BCEC will position Boston in the mid-range of the top 20 cities in terms of availability of exhibit space. The 600,000 square feet of exhibit space is 150,000 square feet bigger than San Francisco's Moscone Center, and will be twice as large as the expanded Baltimore Convention Center's 300,000 square feet of exhibit space.

The proposed BCEC will be larger than the Pennsylvania Convention Center and the new Atlantic City Convention Center, but smaller than New York's Javits Convention Center (760,000 square feet) and the new convention center under development in Washington, DC (800,000 square feet).

Flexible use of exhibit hall space is essential to ensure that the facility can be fully utilized. In order to allow for simultaneous use by different events, the BCEC should have exhibit hall modules of approximately 100,000 square feet. Some of these modules should be further divisible by half.

Exhibit space divided in this way would provide a combination of six small halls or one large hall of 600,000 square feet, with a range of other possible combinations. Each sub-divided hall should have independent capabilities for freight delivery, food service, and attendee access so that one event can be set up or removed while another is ongoing.

Seasonality of the Convention and Exhibition Business

The Consulting Team analyzed the seasonal trends of conventions and trade shows separately. Conventions in Boston tend to peak in the late summer and fall months, while nationally, trade show activity mirrors a typical school year, with peaks in the spring and fall. The chart on this page illustrates the seasonal trends in national trade shows, current conventions in Boston, and the projected seasonality in demand for the proposed BCEC.

The introduction of national association trade shows to the new BCEC will mediate seasonal variations throughout most of the year. Unlike existing conventions in Boston, trade shows are more frequent during the winter and spring months. A smoother demand curve for conventions and trade shows will help to balance the demand for hotel rooms in the Boston area.

Boston needs to grow, with or without the new BCEC.

However, the BCEC also presents a one-time opportunity to stimulate this needed growth. Dramatic expansion of hotels in response to increased demand has a local precedent. The majority of the hotels recently developed in the Back Bay area occurred after the Hynes Convention Center expansion.

An adequate supply of hotel rooms must be developed to accommodate the demand induced by the new BCEC. Considering our analysis, the Consulting Team recommends that 3,800 new hotel rooms be developed in locations that are convenient to the site of the proposed BCEC over a ten-year period, after it opens. This recommended number of new hotel rooms does not include an additional 7,400 new rooms that presumably will be built in the Greater Boston area over the next decade to meet demand

beyond that created by the BCEC.

Our conclusions are based on careful and detailed analysis of historical monthly occupancies achieved by the entire Greater Boston lodging market and the projected monthly demand from the BCEC, coupled with a review of current and proposed hotels for the Greater Boston area.

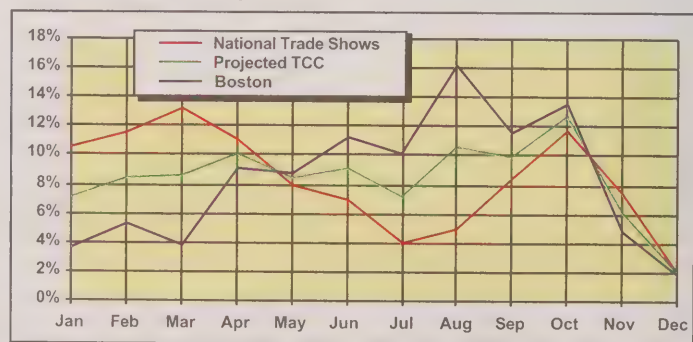
We have noted that peak demand for hotel rooms occurs in the fall months, which is the same time of year in which demand for the BCEC is at its peak. Our analysis of seasonal demand indicates that 3,800 guest rooms in locations that are convenient to the BCEC should enable it to reach optimum utilization levels without displacing a significant amount of the lodging demand that already exists in the Greater Boston area.

The recommended guest room supply should enable the Greater Boston lodging market

Analysis of Hotel Supply and Demand

As discussed earlier in this report, the availability of hotel room supply is a "threshold criteria" in selecting a convention or trade show site. In order to determine the proposed BCEC's viability, it is necessary to examine the present and future supply of hotels. Our analysis shows that the hotel supply in

Seasonality of Conventions and Trade Shows



Sources: Center of Exhibition Industry Research, GBCCB & Johnson Consulting

to maintain healthy occupancy levels, absorb new leisure and commercial demand, and avoid an overbuilt situation over the projection period.

Growth of the Greater Boston Hotel Market

Over the last four years, the Greater Boston lodging market has successfully recovered from the economic recession of the early 1990s. Hotel occupancy has increased, and average daily rate room rates have grown at rates well above inflation. The Greater Boston lodging market is estimated to achieve a 77 percent occupancy in 1996, with an average daily rate of \$122.50. This compares with the U.S. national average of 66 percent occupancy and \$71.25 average rate, as reported by Smith Travel Research. As such, Greater Boston's hotel market continues to maintain one of the highest annual market occupancy rates and average daily room rates in the nation. The strong occupancy levels achieved by hotels in Greater Boston are due to the appeal of the area as a national and international business, tourist, and meeting destination.

The table above illustrates the historical area-wide occupancy and average room rates of Greater Boston between 1989 and 1996 (projected year end). For the purposes of this report, Greater Boston lodging market refers to the lodging markets from Downtown Boston to the Route 128 corridor.

**Greater Boston Hotel Room
Occupancy and Average Daily Rates**

Year	Hotel Occupancy		Average Daily Room Rates	
	Boston	National	Boston	National
1989	69%	63%	\$99.42	\$56.74
1990	68%	62%	\$101.85	\$58.49
1991	65%	61%	\$99.89	\$58.83
1992	68%	62%	\$98.65	\$59.65
1993	71%	63%	\$101.25	\$61.30
1994	74%	65%	\$106.90	\$64.24
1995	75%	65%	\$112.80	\$67.34
1996*	77%	66%	\$122.50	\$71.25

*Based on 10-months, year-to-date 1996 performance.

Sources: Smith Travel Research and Pinnacle Advisory Group

While new hotel supply (unrelated to the proposed BCEC) is under construction and proposed for the entire area, the Greater Boston lodging market is expected to remain stable and healthy through the foreseeable future.

Current Hotel Room Supply

Presently, there are over 200 lodging facilities, with approximately 25,400 available guest rooms, in the Greater Boston area. Of these properties, we considered 97 hotels, with 23,047 guest rooms to define the market that could potentially service demand generated by the new BCEC. The remaining 2,400 guest rooms are comprised of bed and breakfast, and small, independent motels that are unlikely to be used by convention and trade show attendees.

The Greater Boston lodging market can be broadly separated into the following four sub-mar-

kets: Downtown Boston/Logan Airport, Cambridge, Inner Suburbs, and the Route 128 Corridor. Nearly one-half of the available hotel room supply in Greater Boston is located in the Downtown Boston/Logan Airport sub-market. The following graph summarizes the Greater Boston lodging market by sub-market area and hotel type.

Over 80 percent of the Greater Boston guest room supply is contained in full-service hotels. This is an unusually high ratio of full-service hotel rooms to limited-service hotel rooms, which can be attributed to the relatively high land cost in Greater Boston. This high ratio of full-service hotels in the area bodes well for the proposed BCEC because convention delegates traveling on business typically stay in full-service hotels.

Between 1989 and 1996, the supply of hotel rooms within Greater Boston increased by 1.0 percent annually. However,

Greater Boston Hotel Supply

	Number of Properties	Total Rooms (Approximate)	Percent of Total
Market Area			
Downtown	28	10,750	47%
Cambridge	11	2,621	11%
Inner Suburban	15	1,807	8%
Route 128	43	7,869	34%
Total Greater Boston	97	23,047	100%
Lodging Type			
Full-Service, First-Class	33	12,193	53%
Full-Service, Mid-Scale	27	6,822	30%
Limited-Service	37	4,032	17%
Total Greater Boston	97	23,047	100%

Sources: Massachusetts Lodging Association, AAA

nearly all of this hotel development occurred in 1990, when the Greater Boston hotel supply increased by 4.7 percent.

Projected Supply and Demand

The Consulting Team completed a detailed analysis of projected lodging supply and demand for the Greater Boston lodging market (baseline projection) as a foundation for determining the hotel supply that would be required to support a new convention and exhibition center containing 600,000 square feet of exhibition space.

From a supply standpoint, the number of available hotel rooms is projected to increase from the existing level of 23,047 in 1996 to approximately 30,503 guest rooms over the next fifteen years. This represents a 1.8 percent compound annual increase in room supply from now through the year 2012 (10 years after the assumed opening of the new

BCEC). Estimates of new supply include the following:

- *All hotels that are currently under construction (903 rooms).*
- *All proposed hotels that are considered likely to be realized (2,173 rooms).*
- *A reasonable percentage of tentative or preliminary hotel developments (4,380 rooms).*

Projected room night supply and demand are shown on the

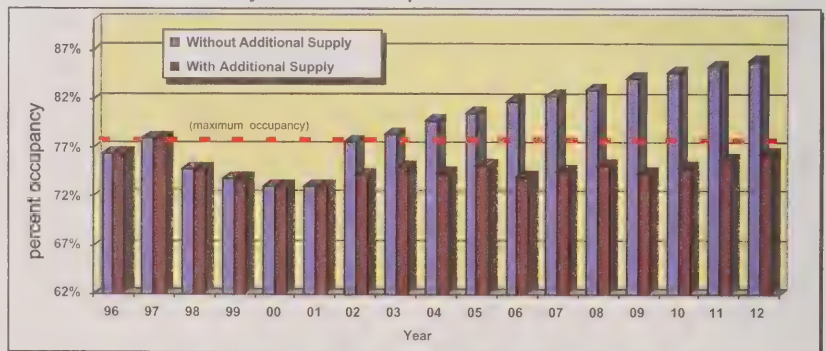
chart on the following page. Based on an analysis of the BCEC's potential operational performance, the Consulting Team estimated the number of annual room nights that it would generate. This anticipated annual hotel demand was added to the projected baseline projection.

The chart below summarizes the projected hotel occupancy rates for the Greater Boston area, assuming that the BCEC is built. Occupancy rates are estimated with and without the proposed new supply of 3,800 additional hotel guest rooms.

Historically, room night demand growth in the Greater Boston market has been stifled during the peak months due to a lack of new supply. Quantitatively, the projected market occupancy rate with the BCEC and 3,800 new guest rooms will reduce the annual occupancy rate in the overall lodging market by only 1 or 2 percent.

For example, in the year 2012, the overall market is pro-

Projected Hotel Occupancies with the BCEC



Sources: Pinnacle Advisory Group & Johnson Consulting

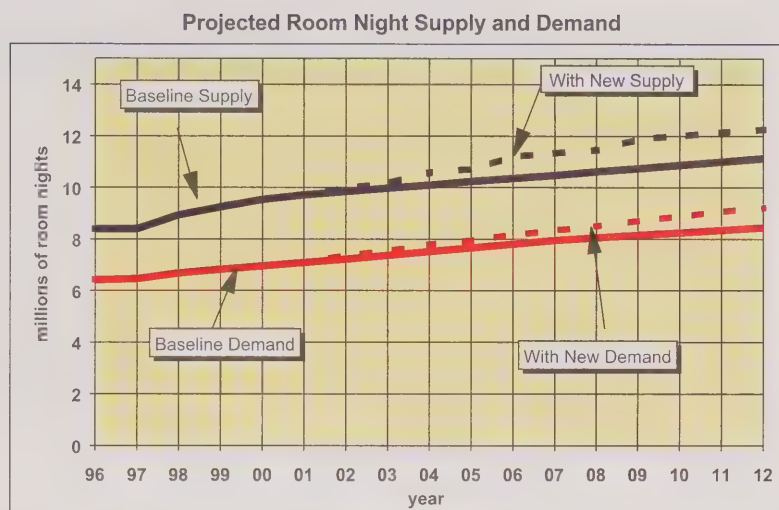
jected to have a 76 percent annual occupancy rate without the proposed BCEC. This compares with a 75 percent annual occupancy with the new Center and new lodging supply.

In contrast, and as shown in the graph on the previous page, if the new BCEC were built without the recommended 3,800 hotel rooms, the Greater Boston annual market occupancy would theoretically increase to the low-to mid-80th percentile.

Given the seasonality of demand, as well as the capacity constraints of the area's hotel supply, it is nearly impossible for the Greater Boston market to achieve annual occupancy rates in excess of the high 70th percentile. Moreover, interviews and surveys of convention and trade show planners indicate that they are much less likely to bring their events to Boston without an adequate supply of hotel rooms.

We have noted that peak demand for hotel rooms occurs in the fall months, which is the same time of year in which demand for the BCEC will be at its peak. Our analysis of seasonal demand indicates that an additional 3,800 guest rooms convenient to the site will enable the BCEC to reach its optimum utilization level without displacing a significant amount of the lodging demand that already exists for the area.

Hotels are most vulnerable to temporary downturns in transient demand, which is primarily composed of business and



Sources: Pinnacle Advisory Group and Johnson Consulting

leisure travelers. These temporary downturns typically occur during recessionary periods. The development of a 600,000 square foot exhibition and convention center in Boston would enable the area's hotel industry to further diversify its business base by increasing the demand for group and meeting-related accommodations in the region. The convention center-related demand will help insulate the market from temporary downturns.

The recommended increase in guest room supply should enable the Greater Boston lodging market to maintain healthy occupancy rates, absorb new leisure and commercial demands, and avoid an over-built situation over the projection period.

Availability of Financing for Hotels

Market supply and demand, financial terms, and economic conditions are the cyclical factors that influence hotel development. Despite strong interest from developers and hotel companies, hotel development in Greater Boston is complicated by the relatively high cost of land, relatively high construction costs associated with Boston and the Northeast, and the lack of private financing for new hotel development in the early 1990s. Since the "building boom" ended in the late 1980s, nationwide, the ability to obtain financing for new hotel construction has been extremely limited until recently.

Due to these market and economic factors, public agencies often choose to participate financially in hotel development that will serve as the economic

Major Boston Developments

Development	Public Involvement
Marriott and Westin, Copley Place	Federal, State, City Grants
Boston Sheraton Hotel	Site Assembly & Tax Agreement
Custom House Tower	Infrastructure Improvements
Boston Harbor Hotel	Land Lease

Source: Boston Redevelopment Authority

catalyst for further long-term development of a particular area. In fact, all hotels that have been developed in Boston over the past several years have required public financial participation. Some examples of these developments are shown in the following table above.

The following is a list of incentives provided by public agencies to stimulate hotel development:

- *Tax abatement*
- *Tax rebates*
- *Tax increment financing (TIF)*
- *Equity participation*
- *Construction of meeting space, parking structure, and/or other infrastructure*
- *Credit enhancement of financing*
- *Rebate of development fees for licensing, permitting, water and sewer hookup fees*

- *Reduced ground rent*
- *Community Development Finance Authority (CDFA) grants or Community Development Block Grants (CDBG)*
- *Land assemblage*
- *Tax abatements and tax rebates*

Land leases are also a common mechanism for hotel developers. In some cases, a public entity may acquire the necessary land and lease it back to the developer for below market rates. The advantage to land leases is that they lower the development costs and allow the cost of the land to be paid for out of operating revenues. Moreover, the developer does not incur the costs or the substantial time required to assemble the land. The table on the following page outlines some recent land leases.

Lenders are now lowering requirements for both debt cov-

erage ratios and loan to value ratios. In fact, both the debt and equity market for hotel investment has never been stronger, with regard to profits being posted through 1996. The prognosis for 1997 remains positive. In addition, a decision to develop the BCEC could decrease the amount of public financial participation necessary for some new hotels.

Wall Street will most likely continue to lead the way in both the debt and equity markets with a variety of financial arrangements customized to meet the needs of the industry. Private investors (international and domestic) along with more conventional sources such as insurance companies pension funds and even commercial banks will continue to fill the balance of the void, but lag behind the more aggressive and innovative products emanating from Wall Street.

Sample Land Lease Arrangements

Property	Rooms	Term	Rental
Hotel: Loews Convention Center Hotel, Miami, Florida Lessor: Miami Redevelopment Agency	800	99 years	Base rent of \$500,000 per year. Rent escalates every 10 years based on the increased value of the land. The city also has cash flow participation based on various performance hurdles.
Hotel: World Trade Center, Boston, Massachusetts Lessor: Massport	427	99 years	Rent is 2.75 percent of annual gross revenues for the first 10 years, then 3.25 percent of gross revenues for the balance of the term.
Hotel: Airport Hilton Hotel, Boston, Massachusetts Lessor: Massport	600	25 years with a 25 year renewal	Ground lease arrangement under negotiation.

Source: Pinnacle Advisory Group

Conclusions

- *The Hynes Convention Center is unable to meet the demand in the marketplace for larger trade shows and conventions.*
- *Both existing and new market segments will support the new BCEC.*
- *The size of the facility should be based on 600,000 square feet of divisible exhibit space.*
- *An agreement on event compatibility among the various convention, trade, and exhibition venues should be established in order that each facility will continue to operate successfully.*
- *New hotel development is needed, and is likely to occur, over the next fifteen years to support the BCEC.*
- *Although hotels are a private sector concern, continuation of public participation in their development will be likely.*

MARKET

BOSTON CONVENTION & EXHIBITION CENTER

Economic and Fiscal Impact Analysis

Methodology

The potential for positive economic impact is the primary rationale for public involvement in the Boston Convention & Exhibition Center (BCEC) project. Convention and exhibition centers establish destinations for visitors from outside the Commonwealth who spend significant amounts of money during shows and meetings.

The direct economic returns, in terms of spending and jobs, go to hotels, airlines, retail stores, restaurants, entertainment outlets, cab companies, bus companies, and other related industries. The City and the Commonwealth have an interest in promoting growth and stability within these industries.

In addition to the ongoing impacts from the operation of the BCEC, the construction of the facility would create a one-time influx of spending. The construction spending also results in employment in many sectors of the local economy.

The Consulting Team projected the incremental increase in spending and employment resulting from the development of the proposed BCEC. Existing impacts from the operation of the Hynes Convention Center were not included in the

analysis because these impacts, while substantial, are already occurring.

For all types of new spending related to the BCEC, the Consulting Team estimated the impacts within three geographic areas 1) Boston (which for the purposes of this analysis, includes all of Suffolk County), 2) the Greater Boston Metropolitan Area (defined herein as Suffolk, Essex, Middlesex, Norfolk, and Plymouth Counties), and 3) the Commonwealth of Massachusetts.

The economic and fiscal impacts discussed in this report include only those impacts that are a direct result of activity at the proposed BCEC. This activity will provide a stimulus for additional development that has not been considered in this report as a fiscal or economic impact.

For example, the BCEC will influence the development of new hotels, however, most of the room night stays in these new hotels will not be generated by convention nor trade show attendees. This economic impact analysis only counts the portion of hotel demand that is directly related to new conventions, trade shows, and meetings.

Similarly, the BCEC may serve as a catalyst for retail and other commercial development, but only the direct spending of delegates, exhibitors, and associations in the commercial

establishments has been counted as an economic impact.

Annual Economic Impacts

The projections of annual economic impacts assume that the facilities, marketing, and operations recommendations in this report are implemented and that sufficient hotel supply will be available to accommodate the room night demand associated with the BCEC.

The proposed BCEC will generate new spending in the regional economy from three major sources: 1) delegates to conventions and trade shows, 2) exhibitors who display and sell goods and services at conventions and trade shows, and 3) associations and corporations that sponsor conventions and trade shows. Their expenditures constitute an income transfer into the state and local economies and thereby generate additional sales volume, employment in business, and governmental revenues.

The Consulting Team only included net new spending within the Commonwealth in assessing the annual economic impacts of the BCEC. For example, locally based delegate spending was excluded from the analysis because it is considered a transfer of income within the local economy, rather than an infusion of new income. Three types of impacts were estimated.

Direct impacts include the delegate, association, and exhibitor spending that result from the events and activities at the BCEC.

Indirect impacts are the supply of goods and services that result from the initial direct spending at the BCEC. For example, a delegate's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as an indirect economic impact.

Induced impacts represent the change in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waitress at the restaurant may have more personal income as a result of the delegate's visit. The amount of the increased income that the waitress spends in the local economy is considered an induced impact.

Indirect and induced impacts are often referred to as multiplier effects. As will be shown later, indirect and induced impacts are approximately 43 percent of the total economic impact.

Direct Impacts

The direct-impact projections are based on the Consulting Team's demand projections and the financial model for the new BCEC. Future activity at the Hynes Convention Center is not

included in the analysis because it is not new to the region. Three categories of direct expenditures are estimated.

Delegate spending is spending by delegates and attendees to conventions and meetings. Delegates typically spend significant amounts on lodging, food, local transportation, recreation and entertainment, and other items. Delegate spending is the largest single source of direct economic impact. Only out-of-town delegate spending is considered to have a new economic impact.

Spending by in-town delegates is a transfer of income from one sector of the local economy to another, and therefore is not included. By excluding in-town delegate spending, the spending projections represent the net new economic impact created by the BCEC, which is a more conservative projection methodology than counting the gross economic impact.

Exhibitor spending includes the local spending by exhibitors at conventions and trade shows for services as well as personal expenditures. Exhibitors make expenditures for lodging, rental of meeting rooms, food and beverage service, hospitality suites, equipment rental, and other services. Certain exhibitor expenditure categories such as drayage and promotion are not included because they are assumed to be primarily non-local expenditures.

Association spending is the local spending (within Boston,

the Greater Boston Metropolitan Area or the Commonwealth) by organizations that sponsor conventions and trade shows. Associations make expenditures for lodging, rental of exhibit space, meeting room rentals, food and beverage services, equipment rental, staff living expenses and other services. All of the association spending is assumed to occur within the Commonwealth.

The Consulting Team relied on a North American survey by the International Association of Convention and Visitor Bureaus (IACVB) to calculate direct delegate, association, and exhibitor spending. This survey was originally conducted in 1993 and updated in 1995. Delegates, associations, and exhibitors who were involved in events in 67 U.S. and six Canadian cities participated in the study.

The IACVB survey reported per delegate, association and exhibitor expenditures separately for out-of-town visitors by category of expenditure. These national average expenditures are adjusted for the relatively higher travel costs and for projected inflation in Boston using *The 1996 Corporate Travel Index*.

The IACVB delegate spending figures are based on the average length of stay including pre- and post-event stays. Based on focus group discussions, the Consulting Team believes that Boston tends to attract higher than average pre- and post-event stays. However, the differences

in length of stay between Boston and the national average have not been quantified, and the resulting additional positive impact for Boston and the Commonwealth is not included in this analysis.

The estimated average delegate expenditure per day for Boston is \$341.66 (in 1997 dollars), and the distribution of these expenditures is shown in the chart below.

Hotel rooms and services is the largest category of expenditures, which is estimated at \$188 per day. This amount is higher than the average daily room rate because it includes costs of other

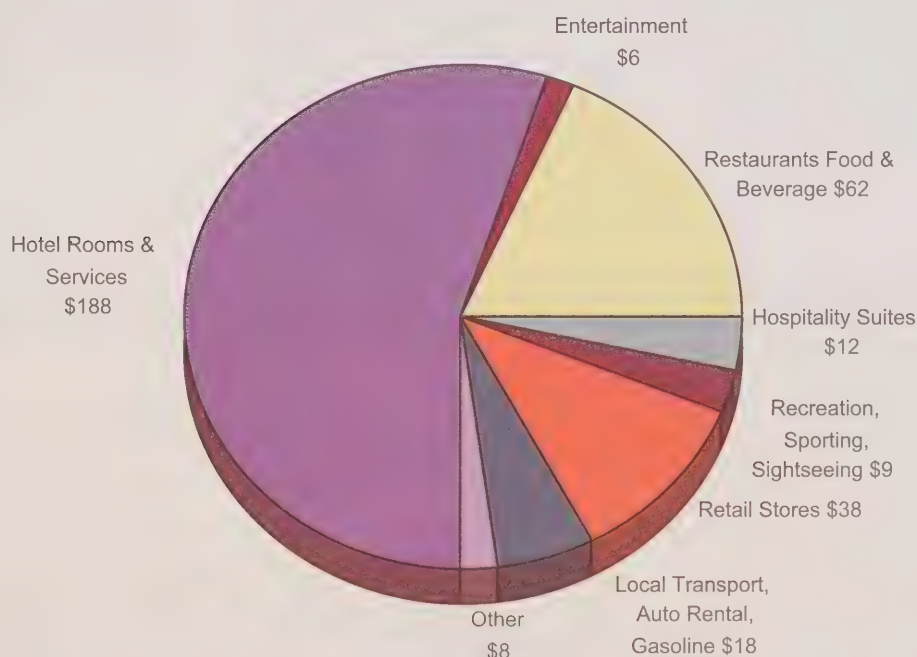
hotel services such as food, telephone and business services. Food and beverage expenditures are the second largest category and are estimated at \$62 per day. Retail stores also receive a significant share of delegate spending, which is estimated at \$38 per day.

Exhibitor spending is the second largest category of direct spending which includes rental of meeting rooms, food and beverage services, hospitality suites, equipment rental, and other services. IACVB national exhibitor spending estimates are adjusted for Boston in the same way that delegate spending estimates are

adjusted. The Boston estimate of exhibitor expenditures per delegate day is \$74.51.

Associations that sponsor conventions and trade shows make expenditures on the rental of exhibit space and meeting rooms, food and beverage, staff expenses, and other services. Based on the IACVB survey, the adjusted estimate for Boston per delegate day is \$19.24.

Delegate Spending - \$341.66 Per Diem



Source IACVB, National survey results adjusted for Boston by Type of Expenditure.

Indirect and Induced Impacts

The Consulting Team used the IMPLAN input-output model of the Boston, Greater Boston, and State economies to estimate indirect and induced impacts. IMPLAN is a nationally recognized model commonly used to estimate economic impacts. An input-output model generally describes the commodities and income that normally flow through the various sectors of the economy. The indirect and induced spending and employment effects shown here represent the estimated changes in the flow of income and goods caused by the direct spending at the BCEC.

The Consulting Team categorized the projection of net new direct expenditures for delegates, associations, and exhibitors at the BCEC into various sectors of the economy.

These categorized direct spending numbers provided the inputs for the IMPLAN model. The model was then used to calculate the indirect and induced spending resulting from the direct spending. Since all input data are net new direct expenditures, the indirect and induced impacts are also net new effects. All outputs of the IMPLAN model are in 1997 dollars and are presented here as the total industry output resulting from direct expenditures.

Summary of Annual Recurring Economic Impact Results

The table below shows the direct, indirect, and induced economic impacts on Boston, the Greater Boston Metropolitan Area and the Commonwealth. Although the impacts are in 1997 dollars, they represent comparative levels of activity at the

Center after demand has stabilized and the BCEC is operating at full capacity.

The fully operational BCEC is expected to have a \$436.2 million direct annual impact in the Commonwealth of Massachusetts (in 1997 dollars). This includes the spending of out-of-town delegates, associations and exhibitors. Delegates make up most of the direct economic impact, with nearly \$286 million in annual spending.

Of the total amount of direct economic impact, 100 percent is expected to occur in the Greater Boston Metropolitan Area, and approximately 62 percent is expected to occur within Boston based on its share of total hotel rooms within the Greater Boston Metropolitan Area. When indirect and induced effects are added, the total impact of the fully operational BCEC is expected to be \$362.9 million.

Net New Economic Impact by Type and Region
(annual amount in millions of 1997 dollars)

Geographic Area	Direct**	Indirect	Induced	Total
Boston*	\$ 271.4	26.3	65.2	\$ 362.9
Additional Spending in the Greater Boston Metro Area	164.8	24.1	179.4	368.3
Sub-total Greater Boston	\$ 436.2	50.3	244.6	\$ 731.1
Additional Spending in the Commonwealth	-	-	33.4	33.4
Total Commonwealth	\$ 436.2	50.3	278.0	\$ 764.5

Source: Johnson Consulting. (Totals may not add due to rounding.)

*Boston includes Suffolk County and Greater Boston Metro Area includes Suffolk, Essex, Middlesex and Plymouth.

**Direct costs are allocated based on the proportionate share of hotel rooms within the geographic area.

The Greater Boston Metropolitan Area will capture a larger amount of economic impact, estimated to total \$731.1 million. The total economic impact on the Commonwealth is estimated to be slightly larger, at \$764.6 million.

The new spending will occur in job-intensive service industries such as hotel, food service, and retail. The adjacent table shows the annual employment impacts of the proposed BCEC including direct, indirect, and induced employment by various industry classifications. The jobs shown here do not include jobs related to the construction of the facility, which are discussed later in this section.

The proposed BCEC will generate an estimated 6,481 jobs in the Commonwealth that result from direct spending. Of those jobs, 3,112 are created in Boston and 5,942 in the Greater Boston Metropolitan Area.

The Interim Report of the Consulting Team previously estimated approximately 6,800 new direct jobs. Further analysis determined a higher level of output per worker in the hotel industry than previously assumed. This increase in estimated hotel worker output reduced the hotel industry new employment estimates by approximately 300 jobs. In addition to hotel employment, new jobs will be created at the BCEC, catering companies, freight handlers, cleaning services, and various other firms that provide

Type of Job/ Industry Classification	Within Boston	Greater Boston Metro Area	Common- wealth
DIRECT JOBS			
Hotel & Hospitality	1,364	2,592	2,832
Food & Beverage	1,378	2,551	2,702
Amusement & Recreation	214	405	434
Retail	141	303	361
Local Transportation & Other	16	91	152
TOTAL DIRECT JOBS	3,112	5,942	6,481
INDIRECT & INDUCED JOBS	1,183	3,701	4,253
TOTAL	4,295	9,643	10,734

Source: Johnson Consulting
*Includes full and part-time jobs.

services to the BCEC and its clients.

In addition to the direct jobs reported in the Interim Report, indirect and induced spending is projected to generate approximately 4,250 new jobs in the state economy. The distribution of indirect and induced jobs reflect the distribution of jobs in the economy as a whole. Like the direct jobs, the induced and indirect jobs are new to the economy.

Convention Center Jobs

The Consulting Team has projected the number of additional employees needed to operate the new BCEC, as well as the number of new contracted employees required for consolidated operation of both the Hynes and the BCEC. The table on the following page shows the estimated number of full-time equivalent employees and contracted employees of the BCEC,

which is a sub-set of the total annual employment presented in the previous table.

The number of staff employees for the combined operation of the BCEC and the Hynes is expected to be nearly double the current number of employees at the Hynes. This assumes a joint operation of the two facilities that will increase the number of staff employees from 84 to 162.

However, a larger impact will be felt by contractors that provide convention center services. Currently, approximately 65 percent of labor is contracted at the Hynes, including contracts for catering, cleaning, parking, security, and retail services. That percentage is expected to increase to nearly 80 percent of all labor when the new BCEC is fully operational. Contracted labor is estimated to grow from 200 to 585 full-time equivalent positions.

Convention Center Full-Time Equivalent Employees

Type of Position	Currently at the Hynes	Combine Hynes & BCEC	Net Increase
Employees on Staff			
Sales and Marketing	12	17	5
Finance and Administration	18	31	13
Operations	33	76	43
Trades	21	38	17
Sub-total Employees on Staff	84	162	78
Contracted			
Catering	48	144	96
Cleaning	72	216	144
Parking	21	42	21
Security	79	158	79
Business Center	0	4	4
Sub-total Contracted Labor	220	564	344
Total Positions	304	726	422

Sources: Massachusetts Convention Center Authority & Johnson Consulting

Hotel Jobs

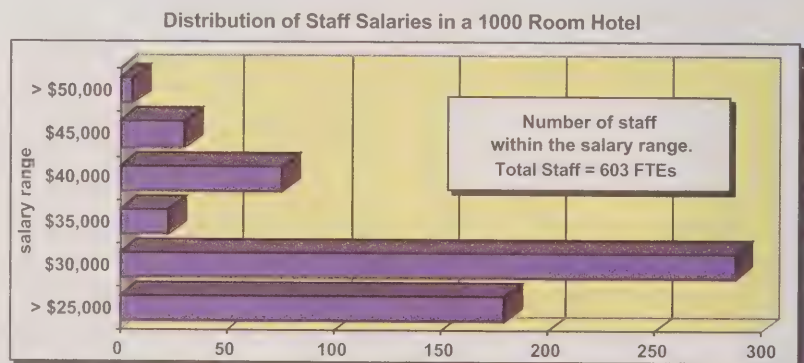
Statewide, the hotel industry is estimated to increase employment by approximately 2,800 jobs related to the additional convention and trade show delegates that use hotel rooms. As mentioned earlier, the Consulting Team has projected that 3,800 new hotel rooms will be required to support the additional demand at the BCEC. The employment projections indicate that approximately 0.74 jobs (full and part-time) per new hotel room will be generated.

The jobs generated in hotels have estimated annual full-time equivalent salaries ranging from less than \$25,000 to \$140,000. A distribution of the salaries of the staff of a typical 1,000 room hotel are illustrated in the following chart.

The food and beverage industry, which is also labor intensive, generates the second largest number of jobs, estimated at 2,700 statewide. Entertainment, retail, local transportation, and other industries make up the remainder of the new jobs.

Construction Impacts

The Consulting Team's estimates of the economic impact of constructing the proposed BCEC assumes that the project is implemented as recommended in the report. The design and construc-



Source: Pinnacle Advisory Group & Johnson Consulting

tion represents a one-time activity that is expected to occur over approximately a five-year period.

While these impacts and employment effects are directly attributable to the design and construction activities, they are not entirely net new additions to the economy in the same sense as the ongoing annual impacts. As opposed to the out-of-town spending attributable to convention and exhibition activities, construction spending is drawn from many existing local resources.

Although its impacts and employment effects cannot be considered as new to the local economy, this major construction project will, over the five-year design and construction period, create a higher utilization of local construction workers, particularly in the trades. Currently, the available workers in many trades are reported to be

underutilized, and the major project will undoubtedly increase their utilization.

In the Interim Report, the Consulting Team estimated that project costs would total \$695 million including the acquisition of land for additional expansion. Of those costs, approximately \$480 million are related to design, construction, supplies, services, or labor. Other cost estimates for land acquisition and the construction contingency are excluded from the base estimate of construction spending.

The Consulting Team used the IMPLAN model to project the indirect and induced impacts of construction spending. The output of the model is presented in 1997 dollars and represents the total industry output attributable to the construction activity in Boston, the Greater Boston Metropolitan Area, and the Commonwealth. The table below displays the direct, indi-

rect, and induced impacts from the proposed construction spending.

For the purposes of this analysis, 75 percent of construction spending was assumed to occur within Boston or Greater Boston. A share of the direct construction expenditures will leave the local economy because many purchases of construction materials will be from outside the local economy. The table on the following page presents the projected number of jobs attributable to the proposed construction.

The proposed construction is projected to account for almost 3,140 direct jobs in Boston and 3,570 direct jobs statewide. Adding induced and indirect jobs brings the total number of one year jobs (full and part-time) to 7,875 in Boston and 8,777 in the Commonwealth over the four year construction period (excluding the design period).

Construction Spending Estimates (millions of 1997 dollars)

Geographic Area	Direct**	Indirect	Induced	Total
Boston*	\$ 360.3	\$ 87.5	\$ 63.8	\$ 511.7
Additional Spending in the Greater Boston Metro Area	-	24.3	106.1	130.4
Sub-total Greater Boston	\$ 360.3	\$ 111.9	\$ 169.9	\$ 642.1
Additional Spending in the Commonwealth	-	4.5	-	4.5
Total Commonwealth	\$ 360.3	\$ 116.4	\$ 169.9	\$ 646.7

Source: Johnson Consulting

*Boston includes Suffolk County & Greater Boston Metro Area includes Suffolk, Essex, Middlesex & Plymouth.

**Construction costs only. Excludes certain soft project costs.

Construction Job Estimates

Geographic Area	Direct	Indirect	Induced	Total
Boston	3,140	1,328	2,951	7,875
Additional Jobs in the Greater Boston Metro Area	312	357	456	456
Sub-total Greater Boston	3,452	1,685	3,407	8,545
Additional Jobs in the Commonwealth	117	115		232
Total Commonwealth	3,570	1,800	3,407	8,777

Source: Johnson Consulting

Because construction is a one-time event rather than an ongoing operation, these jobs are counted in "job-years" each representing one year of work. While labor needs will have peaks and lulls, the project will provide an average of nearly 2,200 jobs in each of these years.

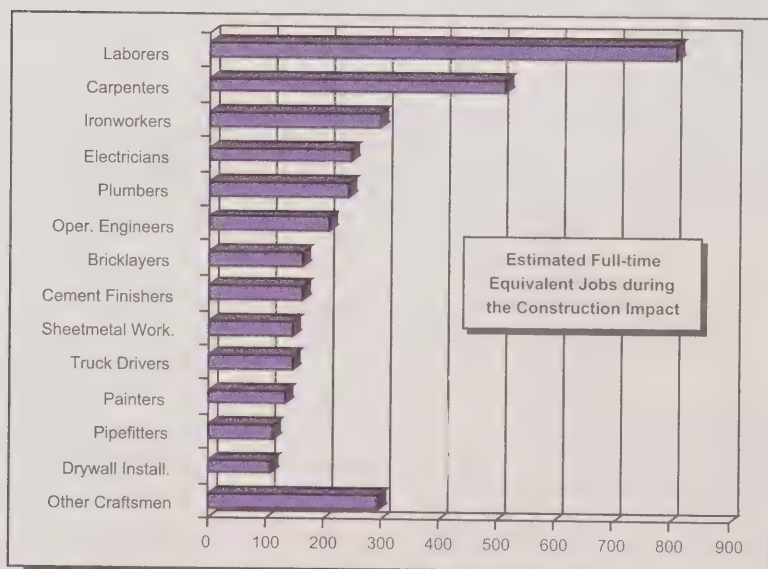
An estimated \$160 million of the construction budget will be expended on construction labor for the BCEC project. The chart below shows an estimate of full-time equivalent jobs by type of trade.

Annual Fiscal Impacts

Fiscal impacts consist of state and local tax revenues that result from the net new spending and income related to the activities at the BCEC. In this analysis, fiscal impacts are shown for the governmental unit that levies the tax. Subsequent redistribution of tax revenue, such as state income or sales tax distributions to local government units were not estimated. Like the annual spending estimates on which they are based, fiscal impacts are presented in 1997 dollars for a stabilized year of demand.

The fiscal impacts are the government's share of total economic benefit. The majority of economic benefits from conventions and trade shows do not accrue directly to the public owner of the facility. Rather, the economic returns go to hotels, airlines, restaurants, bars, entertainment outlets, cab companies, bus companies, retail stores, and other related industries. This is

Estimated Full-time Equivalent Jobs During Construction



Source: ZHA Incorporated & Johnson Consulting

why nearly all major convention and exhibition centers have been built with public funds and not by private developers.

Fiscal impacts provide a partial offset to the capital and operating expenditures required to support the development of the facility. Although the generation of new tax revenues cannot be expected to pay for the project in full, fiscal impacts are important because they improve the ability of the local and state governments to pay for the project. The overall economic impacts, including the fiscal impacts, provide a rationale for public participation in the project.

Five major categories of tax revenues were considered in this analysis.

Personal Income Taxes

The Commonwealth of Massachusetts has a personal income tax with a nominal rate of 5.95%. Considering an analysis of 1992 returns, the effective tax rate on personal income is estimated at 5.02%. This tax rate is applied to income generated by the BCEC activities, which includes the salaries and wages of all employees and temporary workers, as well as the induced and indirect employment income. The indirect and induced employment income amounts are estimated using the IMPLAN model.

Corporate Income Tax

The Commonwealth levies a corporate income tax. Analysis

of corporate income tax by the Boston Redevelopment Authority shows that, in the long run, corporate income taxes are 1.13% percent of their employee earned income. The direct, indirect, and induced employee earnings generated by the BCEC activities are used to estimate this surrogate for the corporate income tax base. The amount of corporate income tax is estimated at 1.13% of employee earnings.

Sales and Meals Tax

The Commonwealth levies a 5.0% sales tax on certain items of tangible personal property and on prepared food. Several major categories of tangible personal property are excluded from the sales tax base such as unprepared food, drugs, and clothing purchases under \$175. Generally, services are not taxed in the Commonwealth.

For the purposes of estimating the sales tax base, only the taxable portions of direct, indirect, and induced spending are considered part of the tax base. The categories of spending included 100 percent of eating and drinking expenditures and only 50% percent of retail expenditures.

In addition to the direct expenditures, the tax base includes a portion of employee income that is spent on taxable goods. Boston Redevelopment Authority analysis of U.S. Bureau of Labor Statistics Consumer Expenditure Survey shows that 22.9% of household

income is expended on goods that are taxable in Massachusetts. This percentage of direct, induced, and indirect employee income is added to the estimate of the sales tax base.

Property Taxes

Since the BCEC is a publicly owned facility, the development of the facility itself is not expected to be subject to property tax. However, other direct, induced, and indirect spending will cause the development of hotels and other types of commercial real estate that will be subject to property tax.

In a stabilized year of demand, approximately 795,000 additional room nights will be generated by the new BCEC, which will support approximately 3,800 hotel rooms. Based on analysis of 1997 hotel valuations and property tax liability, the Consulting Team projects that, in a stabilized year of operation, Boston hotels will pay \$1,800 in annual property taxes per room (in 1997 dollars). This average estimate takes into account possible property tax exemptions for some newly developed properties. Hotels in municipalities outside Boston will pay an estimated \$1,300 in property taxes.

To estimate the increase in the property tax base caused by new hotel development, the geographic location of the 3,800 new rooms is assumed to be in proportion to the existing hotel supply. That is, 54.1 percent of new hotel rooms generated by

the BCEC are assumed to be in Boston.

In addition to hotels, retail spending will support commercial development. In Boston, retail establishments sell an estimated average of \$500 of merchandise per square foot per year. Property taxes on that retail space average \$7.00 per square foot. Therefore, the property taxes on retail establishments are estimated at 1.4 percent of sales (\$7 divided by \$500).

In the long run, new retail sales will cause a marginal increase in commercial development above and beyond the development that would otherwise occur. The property taxes on the new commercial development can therefore be considered a new fiscal impact. Because the overall impacts are small com-

pared with the total level of taxation in the Greater Boston Area, the Consulting Team has assumed that the new commercial development does not cause the property tax levies and rates to exceed limits imposed by Proposition 2 fi.

Hotel Taxes

Currently, the City levies a hotel tax of 4.0 percent, and the State levies a hotel tax of 5.7 percent. The estimated hotel taxes are based on the number of room nights generated times an average daily room rate of \$122.50 multiplied by the appropriate tax rate. Fifty-four percent of delegate stays are assumed to occur in Boston, which is the same as the current geographic distribution of hotel rooms within the Greater Boston Metro

Area. A summary of relevant taxes and tax rates is shown in the table below.

The projected net new fiscal impacts for the City of Boston, other local municipalities, and the Commonwealth are shown in the table on the next page. Since tax revenues are attributed to the governmental unit that collects the tax, the fiscal impact of the three levels of governments are additive. The fiscal impact does not represent the amount of hotel taxes available to pay debt service since only a portion of hotel guests are associated with conventions, trade shows, and exhibitions.

The total annual fiscal impact is \$45.4 million, of which the Commonwealth receives \$31.2 million, or 69 percent, of the fiscal benefit.

Summary of Tax Rates

Tax	Rate	Tax Base
State Personal Income Taxes	5.02%	effective rate (nominal rate is 5.95%)
State Corporate Income Taxes	1.13%	percent of earned income
State Sales Taxes	5.00%	of sales of tangible property
Property		
Boston	\$1,800	per hotel room
Other Local	\$1,300	per hotel room
Boston	1.4%	of gross retail sales volume
Other Local	1.4%	of gross retail sales volume
Hotel Taxes		
Boston	4.0%	gross revenue from rental of hotel rooms
Other Local	4.0%	gross revenue from rental of hotel rooms
State	5.7%	gross revenue from rental of hotel rooms

Sources: Boston Redevelopment Authority and Johnson Consulting

Estimates of Incremental Fiscal Impact (\$ millions)

Type of Tax	Jurisdiction Collecting the Tax			
	Boston	Other Local	Common - wealth	Total
Personal Income Tax	-	-	13.7	13.7
Corporate Income Tax	-	-	3.1	3.1
Sales & Meals Taxes	-	-	8.8	8.8
Property Tax	5.6	4.7	-	10.3
Hotel Tax	2.2	1.8	5.7	9.7
Total	<u>7.8</u>	<u>6.5</u>	<u>31.2</u>	<u>45.4</u>
Percent of Total	17%	14%	69%	100%

Source: Johnson Consulting

The City will receive \$7.8 million, or 17 percent, of the total fiscal benefit from increases in property and hotel tax revenues. Other local government units also receive hotel and property taxes and are estimated to receive \$6.5 million, or 14 percent, of the total fiscal benefit.

The City of Boston is likely to incur expenses related to providing City services to the BCEC that have not been estimated in this analysis. These expenses include police, fire protection, emergency medical services, traffic control, street maintenance, sanitation, and other ongoing operating expenses required to maintain the environment around the BCEC. These inevitable costs will, to some extent, decrease the overall fiscal benefit to the City of Boston.

Summary

Convention and exhibition centers are primarily economic development enterprises built by public-sector entities to attract spending by visitors from outside the region. The goal of the BCEC project is to create new economic activity that is appropriate for the Greater Boston Metropolitan Area.

The substantial annual impact of \$436 million in net new direct spending, plus \$328 million in indirect and induced spending, provides the basis for Commonwealth and local government sponsorship of the project.

The Consulting Team has taken a conservative approach to this economic impact analysis by focusing exclusively on the net new impacts directly related to the BCEC development. Only the direct, indirect, and induced spending of delegates,

exhibitors, and event sponsors are included in this report.

The jobs and fiscal impact are similarly conservative because they are derived from the same spending estimates. However, from a broader urban economic development perspective, the BCEC has potential to stimulate more economic activity than that quantified in this report.

Like many well-planned public investments, the BCEC is likely to generate significant amounts of collateral development that may not otherwise occur, or at least not occur as quickly, in the Greater Boston Area. The public investment in a currently underutilized but economically reemerging area of the City of Boston will spur greater amounts of private investment. This development also builds upon the large-scale public infrastructure investment in transportation facilities now underway in the area.

During its planning stages and before completion, the BCEC will stimulate investment in complementary land uses, such as hotel, retail, and entertainment developments to the north and west of the project site. The economy of the region will be enriched as the BCEC's demand for services enhances the development of new or expanded business enterprises.

Conclusions

- *The proposed BCEC is projected to generate \$436 million per year in direct spending from outside the region, plus \$328 million in indirect and induced spending.*
- *Delegate spending creates new job opportunities and tax revenues.*
- *6,481 new jobs will be created throughout the Commonwealth, with 5,942 of those jobs in Greater Boston. An additional 4,253 indirect and induced jobs will be created in the Commonwealth, with 3,701 of those within Greater Boston.*
- *During the five-year design and construction period, 3,570 construction jobs will be enhanced by the construction of the BCEC.*
- *The hospitality industry is the primary beneficiary of the economic benefits that conventions and exhibitions bring to the Commonwealth.*
- *The total annual fiscal impact of the BCEC is \$45.4 million, of which the Commonwealth receives \$31.2 million of the fiscal benefit.*

Urban Planning

The South Boston waterfront of today was originally an area of creeks, salt marshes, and tidal flats between the South Boston neck and Downtown Boston on the Shawmut peninsula. The waterfront was filled between 1870 and 1920 through a series of joint public-private investments aimed at enhancing Boston's economic strength.

A street and bridge system was developed to allow rail access to the port at ground level, with car and cart access above. Decline of the railroads, poor roadway access, and changes in the Massachusetts economy away from manufacturing resulted in economic downturn in the district. The vestige of the dual level transportation system that formerly served the area provides a unique opportunity for the new Boston Convention & Exhibition Center (BCEC).

The site lies on the southern edge of an emerging district, the South Boston Seaport. Sound urban planning principles form the basis for the site organization and facility layout, responding to many influences, constraints and opportunities.

The BCEC will play a critical role in the definition, improvement, and completion of the southern portion of this waterfront district. The key planning issues include:

- *Providing a transition between the waterfront commercial district and the residential community to the south*
- *Related development of hotel, retail and entertainment uses north of the site*
- *Supporting 18-hour activity beyond a 9-to-5 workday*
- *Strengthening the connection across Fort Point Channel to the Downtown area*

Planning Initiatives

The section of South Boston that lies northwest of Summer Street is undergoing significant change. New infrastructure projects include the Seaport Access Road (I-90), the Central Artery/Tunnel (CA/T), and the South Boston Piers Transitway. To accommodate existing and future private development, a new street system, and transit network are now under construction.

South Boston planning efforts are being spearheaded by the Boston Redevelopment Authority (BRA) which has sought input from a wide-ranging constituency. Master planning is underway with Mayor Menino's South Boston Waterfront Committee, which includes representatives from the residential and business communities, the South Boston Community Health Center,

Massport, and the Boston Harbor Association. The BRA is also seeking input from the World Trade Center, United States Postal Service, the Boston Shipping Association, the Fort Point Artists, the Fort Point Business and Property Owners Association, and other private business owners in the area. Each of these constituent groups has been working closely with the BRA and the Commonwealth on land use, highway, and transit infrastructure, and urban planning strategies for the area.

Development Areas

The land to the north and west of the site includes several prime development sites that are the result of parcelization, street patterns, and the physical influence of the highway and transitway layout.

Boston Wharf District

This area generally consists of the existing warehouse buildings between the BCEC site and the Fort Point Channel. These ornate, turn-of-the-century, brick-faced industrial structures have been converted to new uses as the district has experienced revitalization. Museum Wharf, located on the Fort Point Channel side of this area, houses the Children's and Computer Museums. The area between Museum Wharf and the Moakley Bridge (New Northern Avenue) will be transformed into a park,



Boston Convention & Exhibition Center Development Areas

further enhancing public use of the channel's shoreline. It is anticipated that the BCEC will spur new retail and restaurant uses along Summer Street.

Private Development

Significant parcels of vacant land north of Summer Street to the Harbor and the Channel are owned by two private entities, McCourt-Broderick Limited Partnership and Fan Pier Land Company. These will be developed in response to market forces consistent with zoning. Development will conform with the evolving BRA plan proposed with community participation. Parcelization will continue within the established framework of the street and infrastructure pattern. Informal proposals for these properties include office, hotel, retail, cultural, entertainment, and residential uses.

Massport Properties

Massport has several parcels of undeveloped land north of Summer Street and west of E Street. These parcels have potential for office, hotel and retail uses following the completion of the I-90 and transitway construction activities.

World Trade Center

The World Trade Center is constructing a 400 room hotel south of its existing building. Future expansion plans include two office buildings and a park.

South Boston Interchange

This area lies north of Summer Street between Viaduct Street on the east, New Congress Street on the north, and West Service Road (the confluence of the off-ramps from I-90 and I-93) on the west. While highways dominate this area and offer significant challenges to both the Summer Street and New Congress Street edges, several development parcels within this area could support BCEC-related hotel development.

United States Postal Service

The USPS owns land south of Summer Street between A Street and the Haul Road. Lying in the path of the CA/T's I-90 construction, the underground highway provides for the construction of future air-rights development. Access to the site will be from the elevated Summer Street. Plans for a hotel on this site have been discussed informally.

Site Context and Constraints

Central Artery Project

The BCEC project affects certain elements of the Central Artery project, including:

- *Demolition and replacement of the Summer Street trestle bridge over the Haul Road and railroad*

- *Demolition and replacement of the Summer Street bridge over C Street and reconstruction of other portions of Summer Street*
- *Construction of a new utility corridor in Fargo Street.*

The proposed BCEC project will require minor design revisions along Summer Street to provide full access and signalization, but should not affect the major design elements for the foundations or superstructures of the new bridges, the earth retention systems for the new bridges or the existing fill sections of the street. Utility corridor construction will be unaffected.

Conrail

A Conrail main line and siding borders the western edge of the site. These tracks serve South Boston industries and the waterfront and are an important part of the transportation infrastructure for the area. The BCEC project will use air rights over the sidings, but will not otherwise affect the continued operation of the main-line track or the sidings.

Utility Corridor

Fargo Street, located at the northern part of the site and roughly parallel to Summer Street, is the location of a major utility corridor, consisting principally of Boston Edison Co.'s electric distribution lines and major water and drainage lines.

While utilities are currently located in this corridor, there will be significant new construction by the CA/T project. Coordination with utility companies will be required, but there should be little or no interference with this corridor, which sets the northern boundary for the exhibit hall.

D Street

As the eastern boundary of the site, D Street is critical to the traffic operations of the street network. It also provides truck access to the southern part of the industrial area. After completion of the CA/T Project, D Street will have improved access to the Interstate highway system.

Since the residential areas of South Boston can be reached by this street, it is important to manage traffic to discourage its use as a through connector from the south. Previous planning efforts have established a series of one-way streets between Broadway and West First Street for this purpose. Since the nature of D Street will be altered by the BCEC, there is an opportunity to improve the quality of the street and to manage the traffic flow. With the continuing involvement of the South Boston community, a redesigned D Street can address the need to maintain truck traffic while avoiding cut-through traffic in residential areas.

Views and View Corridors

The BCEC site provides dramatic, panoramic views of the Downtown to the west and the Waterfront to the north. The BCEC is designed to take advantage of these views from public spaces within the building. Future construction on surrounding parcels may reduce some of these views. Long views to the harbor and the Downtown may, however, be reinforced by some of the taller buildings into channels called “view corridors”.

Three long view corridors will remain after the build-out of the district: the B Street corridor towards the harbor; the Viaduct Street corridor toward the World Trade Center; and the Summer Street corridor towards Downtown.

Street Presence

Summer Street is the public access point to the BCEC for pedestrians, taxis, busses, and cars. The prominence of the facility requires it to have a clear relationship to the street and to help set the character of the street. The design of the entry area reconciles pedestrian and vehicular needs, both of which are critical to its proper functioning.

The program provides public activities along the street for users and passers-by that enhance the vitality of both the street and the facility entrance. These uses, both active and pas-

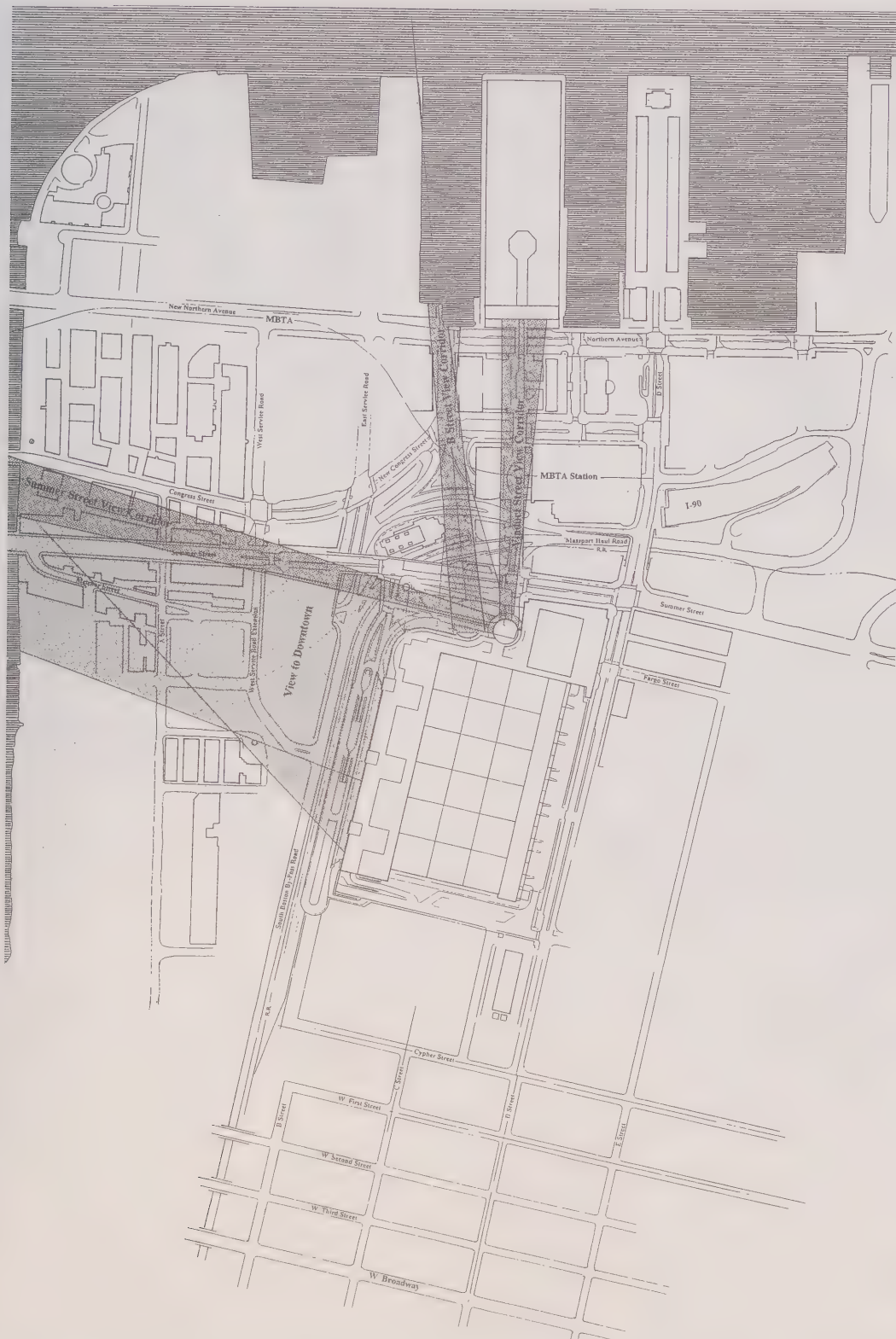
sive, allow the BCEC to fit comfortably into the fabric of Summer Street and to be a vital landmark in the city even when the building is not in use.

The Buffer Zone

The diffuse nature of the areas immediately to the south and east of the BCEC site is very different from that of the north and west. The emerging district provides clues and indications of future development to the north and west. The influences from the south and east are more diffuse.

The concern here is the relationship of the BCEC to the residential community, and its role in defining the nature and quality of the areas immediately between. Concerns have been expressed by neighborhood residents regarding adverse traffic and economic impacts due to unregulated growth on the parcels surrounding the site.

A BCEC Buffer Zone was proposed to address the long-term issues and opportunities for this area. South Boston community representatives helped to incorporate this formally designated area into the BRA's Master Plan. The Buffer Zone will include significant physical improvements to the street system to provide pedestrian amenities and a buffer for residential properties. In addition, new zoning for the Buffer Zone is being developed by the BRA in concert with the community to prohibit entertainment and other uses that are not appropriate



Boston Convention & Exhibition Center
Site/Context Plan • View Corridors



Boston Convention & Exhibition Center
Site/Context Plan • Buffer Zones

adjacent to residential neighborhoods.

Site Conditions

Soil Remediation

On the basis of investigations to date, it appears that the soil on the site contains low levels of contamination typical of urban areas with a history of mixed industrial uses. Oil and hazardous materials (OHM) have been used, stored, or released on several of those properties, in some cases requiring Massachusetts Contingency Plan (MCP) related response actions.

A modest amount of the soils ultimately displaced from the site is expected to have levels of contamination that will require special handling and disposal, while most of the soil can be disposed in more conventional ways such as daily cover at landfills. Approximately \$6 million is the cost premium required to deal with soil remediation issues.

Utility Corridors

The primary utility corridor that the design of the facility must respect will be located in Fargo Street. The Fargo Street utility corridor, which will be built by the Central Artery project, will carry several types of utilities, but will primarily be devoted to electric transmission lines from Edison's power station on the Reserve Channel to a distribution station north of Summer Street.

Fargo Street, while covered by the upper level forecourt of the BCEC, will remain in service as a public way and will carry the utility lines. The BCEC design respects and makes provision for continuing the Fargo Street utility corridor and will maintain access to the utilities located within this corridor.

Utility Relocation

Many of the existing utilities located within the BCEC site are serving uses within the site that will be demolished so they can be abandoned and removed. Existing utilities located within the C Street right-of-way that must remain in service will be relocated to D Street or to an alternate utility corridor located beneath the BCEC truck apron on the east side of the facility.

A second utility corridor may be needed beneath the truck apron on the east side of the BCEC in order to carry utilities that cannot be located in reconstructed D Street.

Existing Truck Routes

C Street, an existing truck route connecting the Haul Road to West First Street, currently bisects the BCEC site. The BCEC project will require the relocation of the truck route from C Street to D Street via Fargo Street. This new routing will maintain the connection between the Haul Road and the West First Street truck route. Fargo Street

and C Street north of Fargo Street will remain public ways open to trucks and commercial vehicles and will connect through to D Street. Improvements to D Street are contemplated as part of the BCEC project, in part to account for the increased volume of truck traffic from the diversion of C Street traffic.

Because Fargo Street will be covered by the forecourt (the pedestrian and vehicle access to the BCEC at the Summer Street level), trucks carrying hazardous cargoes will not be allowed to use Fargo Street by the Boston Fire Marshall. The alternate route for hazardous cargoes will require these trucks to remain on the Massport Haul Road until they reach the planned Pump Station connector to Summer Street. At Summer Street, these trucks can move west to D Street or east to First Street. No other changes to the existing South Boston truck routes are required for the BCEC.

Bi-level System: Trucks, Cars, Taxicabs, and Shuttle Busses

The Consulting Team has devoted a great deal of time and attention to overall BCEC transportation access planning. Detailed discussions with community members and representatives and Mayor Menino's South Boston Waterfront Committee expressed concerns regarding potential negative traffic impacts of the BCEC. The Consulting

Team received valuable street-level observations about how the existing traffic network operates and its effect on the community.

Special attention was required to meet several challenges. The access network must be devised to prohibit BCEC-related truck and general traffic from using residential South Boston streets, while at the same time allowing access for prospective BCEC employees living there to drive to work. BCEC planning must restrict the use of the South Boston Bypass Road to commercial vehicles. In addition, the BCEC design requires replacing the existing truck route on C Street from Cypher Street to Fargo Street.

The Consulting Team recommends that transportation planning for the BCEC take advantage of the approximately 25 foot grade difference between elevated Summer Street and natural grade to create a bi-level vehicular access system. This grade difference allows trucks destined for the facility or for the industrial area to the south and east of the site to use an on-site, grade-level system.

All BCEC trucking will enter the facility from I-90 and the South Boston Bypass Road via the Massport Haul Road and the planned C Street underpass beneath Summer Street. All BCEC trucking will enter truck docks on the east and west sides of the facility via an internal, on-site, one-way system and will not require any on-street turning or backing. BCEC-related trucks

will be restricted from approaching or leaving the facility via South Boston surface streets except for local trucks delivering food or supplies, which may use Summer Street and D Street to reach the at-grade entrance at Fargo Street.

The BCEC building will eliminate existing C Street from Fargo Street south to Cypher Street. Trucks using existing C Street will be rerouted to D Street, which will be modified to allow for their efficient movement.

The primary access routes for cars, taxicabs, and shuttle busses will be at the second level via a signalized intersection on Summer Street at the northwest corner of the site. Most vehicles will travel along the elevated viaduct on the west side of the BCEC, from where they can enter or leave the underground parking garage. Egress from the upper level will occur via a driveway entering a signalized intersection at Summer Street and Viaduct Street.

Secondary access to the below grade parking, which will be used primarily for employee and exhibitor parking, will be via D Street and Fargo Street. Most employees are expected to approach and leave the facility via Summer Street, but BCEC employees who drive to work from South Boston may approach the facility from the south.

A third route needed as an emergency egress from the

parking garage may be located along the south end of the facility, allowing cars to move west to D Street. This egress may also be used during large events, but only with the provision of a police detail stationed at the D Street driveway to prevent cars from turning south toward the residential area. Further detailed planning will more clearly establish the need for this egress.

Shuttle busses and taxicabs will be directed to the facility from Summer Street. All pooling of shuttle busses and taxicabs, or marshaling of exhibit-related trucking, will be contained on the BCEC site.

Traffic Analysis

Several major factors act to minimize the level of general traffic that will be generated by the BCEC. The two greatest factors influencing BCEC traffic generation are the commitment not to allow gate shows, and the fact that most BCEC visitors will be staying at local hotels and walking or using shuttle busses and taxicabs to travel to and from the facility. Only a very small portion of the limited BCEC-related private automobile traffic will travel through South Boston.

Traffic Study and Methodology

The Consulting Team performed travel demand estimation analysis of traffic and parking operations for 2002, the opening

year of the BCEC. The analysis assumed that the I-90 extension was completed between the South Bay Interchange and the Ted Williams Tunnel as per the CA/T Project schedule, and adjusted the data to reflect Massport's proposed Conley Terminal consolidation. The analysis was done for a worst case event, defined as a national trade show that generates 17,500 daily trips, 90 percent of which are out-of-town visitors, and assumes 150 full-time and 450 part-time employees. Since visitors will gradually arrive at the facility in the morning, the afternoon or evening peak hour proved to be the most intense traffic time. This analysis was compared with a no-build scenario that assumed that the existing development on the site remained in place.

Vehicular Access and Egress

The bi-level on-site traffic system described above will organize facility access so that most of the shuttle busses, taxicabs and cars to approach the BCEC from the new Interstate system or via Summer Street from Downtown Boston. A secondary entrance on Fargo Street can be approached from the interstate system or from D Street. All shuttle bus and taxicab pooling will occur within the BCEC site.

All BCEC-related trucking can be directed to enter the facility from Summer Street and the Interstate system and rather

than via residential streets. All truck docks and access-ways will be screened from adjoining streets, and all truck marshaling and operations will be contained on-site. The BCEC project requires no changes to the South Boston Bypass road.

Traffic Study Conclusions

The results of this analysis reveal that the BCEC will generate a 1.5 percent increase in peak hour vehicular trips (116 vehicles) crossing First Street in South Boston along all north/south routes from A Street to L Street. In addition, there will be a 3.7 percent increase in peak hour vehicular trips (931 vehicles) crossing the Fort Point Channel bridges. The analysis confirms that, because of the nature of the use of this building, 70 percent of its out-of-town visitors will arrive via shuttle bus, 10 percent via walking, 10 percent via taxicab, with only 10 percent via private car.

Twenty-four key intersections were specifically analyzed to establish the effect of the BCEC on their operations. Of these 24, only two intersections would be negatively impacted, and these can be returned to acceptable levels of service. On the basis of this analysis, the Consulting Team has concluded that the project has no significant impact on traffic operations in South Boston, Downtown, or the Back Bay.

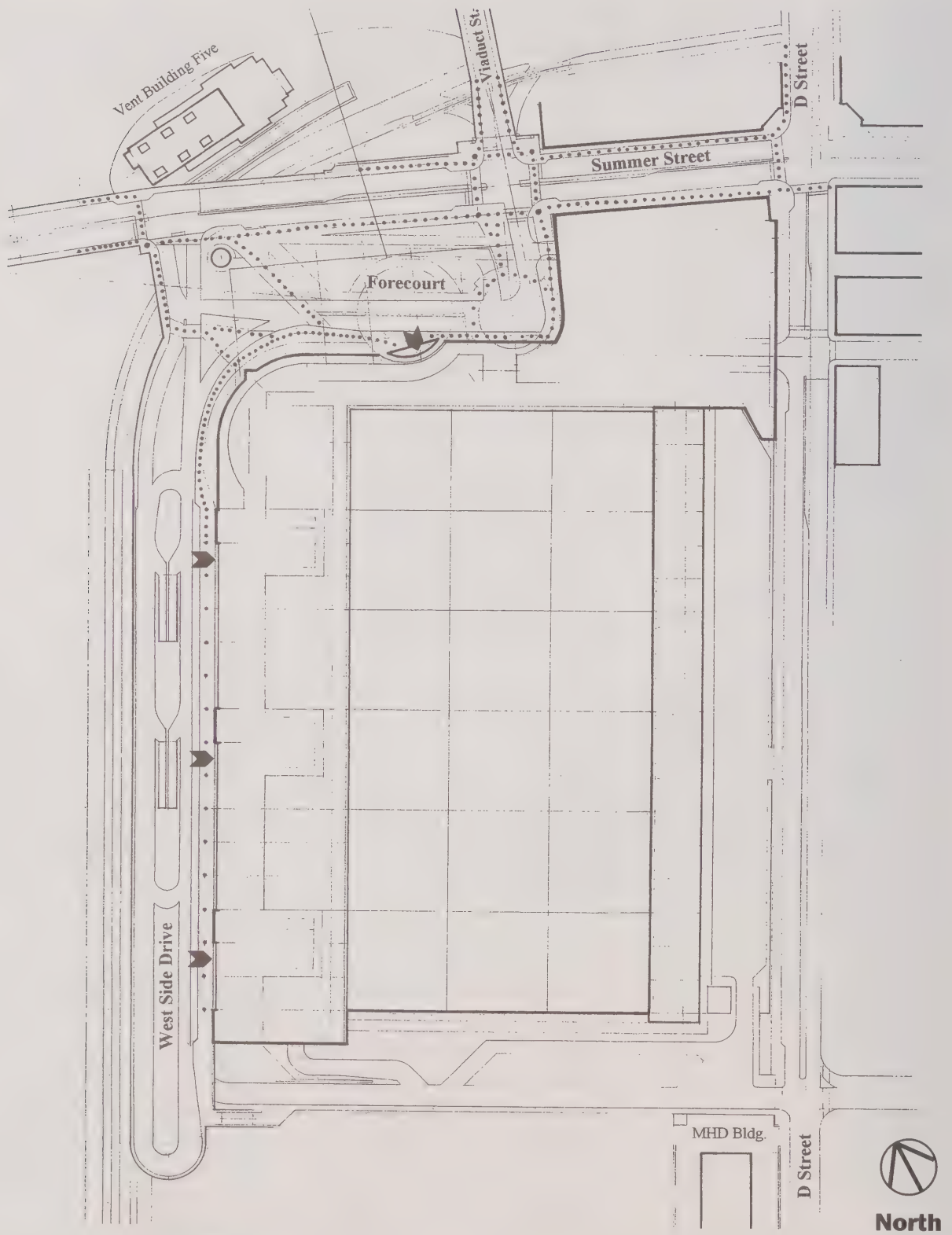
Other findings of the transportation analysis indicate that:

- *The BCEC can be built within the controls imposed by the South Boston Parking Freeze*
- *The project has no significant impact on traffic conditions during its peak construction period*
- *Development of hotels on the South Boston waterfront will further reduce the traffic impact of the BCEC on area streets because BCEC visitors will increasingly be walking to the facility rather than arriving by car, taxi, or bus*

The Consulting Team recommends that further transportation analyses of the project be undertaken to support environmental impact studies. Specifically, a corridor-level analysis of D Street and Summer Street should be conducted, and additional critical intersections identified by South Boston residents should be analyzed.

Pedestrian Access and Egress

The primary BCEC pedestrian corridors are east/west along Summer Street and north/south along Viaduct Street, the route to the MBTA's World Trade Center transitway station. Planning is also underway for a north/south pedestrian connection to Summer Street from New Congress Street in the area of



Boston Convention & Exhibition Center
Pedestrian Access • Summer Street Level

East and West Service Roads. This connection must contend with the grade difference between elevated Summer Street and natural grade (approximately 25 feet) to achieve a fully accessible route.

The Consulting Team recommends improvements to the design of Summer Street, which is to be rebuilt by the CA/T Project, not only to address BCEC vehicular traffic but also to make the pedestrian corridors safe and more attractive. Detailed recommendations for changes to the current design to achieve these improvements will be the subject of planning and design carried out as part of the next phase of BCEC work.

Mass Transit

Two forms of mass transit will serve the BCEC. Most out-of-town visitors will reach the BCEC via private shuttle busses operating between the BCEC and existing hotels in Downtown Boston and the Back Bay. As new hotels are developed in the South Boston Waterfront, more visitors are expected to walk to the BCEC, reducing the number of shuttle bus trips from more remote hotels.

The BCEC will also benefit from the development of the MBTA's South Boston piers transitway, a below-grade busway that has the potential to be converted to light-rail service as demand for ridership increases in the South Boston Seaport. The transitway will connect to the Red Line, regional intercity

passenger rail, and local, regional, and national bus service at South Station. Visitors staying at Back Bay hotels will be able to reach the BCEC via the Green Line/Red Line/Transitway route.

Land Acquisition

Existing uses on the site are a mix of industrial, outside storage, office, seafood, and general food processing and distribution, some institutional uses, freight rail facilities, general warehousing and distribution, a heliport, and vacant land. There are numerous privately owned parcels as well as those in public ownership by such agencies as the Boston Water & Sewer Commission, the Massachusetts Highway Department, and the Massachusetts Port Authority.

Land Acquisition Cost Components

The land acquisition cost estimate shown in the table above includes the following components:

Land Acquisition Options

Minimum Area Acquisition Cost	\$ 111 million
Minimum + Expansion Area Acquisition Cost	\$ 142 million
Future Acquisition Cost	\$ 187 million

Real Estate Acquisition Costs

The real estate acquisition costs include all publicly and privately owned parcels. Consistent with the conservative approach governing all aspects of this study, no discount was assumed for acquiring publicly owned property.

Business Relocation Costs

The acquisition cost estimate includes costs associated with relocating approximately 43 businesses that currently are located within the site. Successful relocation costs are estimated at \$7.7 million.

Acquisition Cost Approach

The Consulting Team was directed to estimate the costs for securing the land for the proposed facility. Three approaches were used in developing the recommended acquisition strategy.

The Minimum Area Acquisition Cost includes only those land areas needed for the current facility program (600,000 square feet of exhibition space) and the on-site circulation to support it.

The Expansion Area Acquisition Cost adds the incremental cost associated with securing the land needed for planned future expansion to the Minimum Area Acquisition Cost and assumes that the entire site is acquired during the initial acquisition.

The Future Acquisition Cost adds to the Minimum Area Acquisition Cost the cost associated with acquiring the land for future expansion of the facility in the year 2008, rather than in the near term. Market studies indicate that additional expansion of the facility would be justified in approximately 2008, a change from the Interim Report.

If the Expansion Area is not acquired as part of the initial project development, the value of this land is expected to increase beyond normal inflation as a result of the completion of the Interstate highway and transit projects, other new development in the area, and because the BCEC itself will increase the value of adjacent land.

Costs associated with environmental remediation and demolition of the existing buildings on the site are included in the construction estimates for the project. Costs associated with construction lay-down and support areas are addressed below.

The core issue for the land acquisition strategy is whether land for future expansion should be included as part of the initial project cost or deferred to the future. The analysis shows that a significant cost premium will be

incurred by delaying acquisition of the expansion area because of the rapid increase in the value of the land and increased development spurred by the BCEC.

Acquisition Timing and Phasing Recommendations

The Consulting Team was to evaluate the potential for the site to accommodate possible future expansion of the BCEC. Because previous investigations revealed that the Hynes Convention Center is not expandable, the Consulting Team was asked to make recommendations that would prevent this situation from happening again, and ensure that the BCEC can meet future market demand as it develops.

The Consulting Team therefore recommends that the entire 60 acre site be included as part of the initial land acquisition for the following reasons:

- *The market demand for the BCEC facility indicates that expansion will be required within an approximate ten-year time frame. It would be imprudent to make such a significant, public investment in a new facility without providing the opportunity for future expansion.*
- *The acquisition of the entire site now reduces the future expansion land acquisition costs and thereby avoids increased land values due to*

the development of the BCEC.

- *The acquisition of the entire site will save an estimated \$1.9 million in costs for a temporary taking or leasing of land to accommodate construction laydown and support.*
- *The community has strongly recommended that all mitigation measures, including the development of on-site visual buffers, be included in the initial phase of the project.*

The Consulting Team is convinced of the desirability of planning for the expansion of the facility from 600,000 square feet of exhibition space up to approximately 1 million square feet. This expansion can be accommodated within the site area under study. The inclusion of the expansion land area will assure that no expensive future development on this property will impede future expansion or increase the cost of its later acquisition.

Business and Job Relocation Strategy

One of the prime policy directives to the Consulting Team was to address the successful relocation of existing businesses and jobs on the BCEC site to other sites within the City of Boston. The retention of these jobs, products, and services of are important elements

of the Boston economy. The results of the Consulting Team's analysis and estimation of acquisition and business relocation costs are summarized.

Some 43 businesses, occupying approximately 2 million square feet of space with an estimated 700 jobs, are associated with the site area. A sampling of the activities of these businesses includes seafood and food processing and distribution, general office, warehousing and storage, and transportation equipment and repair. Some of these businesses such as seafood and coffee processing have specialized space needs. Some have specialized geographical needs such as the seafood businesses that need to be in the South Boston port area, and a heli-pad that seeks proximity to Downtown Boston. The

Consulting Team estimates that the cost to relocate the present site occupants is approximately \$7.7 million.

Chapter 79A of the Massachusetts General Laws, as amended, requires any taking agency to develop a comprehensive relocation plan identifying any and all available space prior to any property relocation. According to the City of Boston's 1996 "Site Finder," approximately 7.5 million square feet of commercial and industrial space is available throughout the City. Compensation will be provided to assist these businesses in relocation.

The development of a detailed relocation strategy and plan is beyond the scope of this study. The City of Boston, through the Boston Redevelop-

ment Authority/Economic Development and Industrial Corporation, working together with the responsible agencies of the Commonwealth, can develop and implement a detailed plan that addresses the specific needs of individual businesses.

Conclusions

- *The Summer Street site is the best available for the trade and convention center.*
- *There is excellent access to the site for shuttle vehicles, service trucks and pedestrians, with little disruption to the neighboring community.*
- *It is adjacent to a Master Plan Area which can accommodate hospitality-related facilities such as hotels, restaurants and shopping.*
- *A buffer zone can be established to control unwanted development to the south and east of the site.*
- *The Consulting Team recommends acquisition of the entire site area to preserve future expansion options.*

SITE

BOSTON CONVENTION & EXHIBITION CENTER

Site Access and Facility Organization

Site organization for the new Boston Convention & Exhibition Center (BCEC) is based upon integration of user and functional flows. Vehicular and pedestrian circulation systems are organized on the bi-level street configuration inherent to the site. The site/facility layout achieves a simple and efficient system that accommodates users and services without conflict.

For the general public, there are two ways to arrive at the Summer Street entry. From Downtown (Northern Avenue, Congress Street, and the Interstate), all vehicles will move south on D Street to Summer Street. The remaining users will arrive from Downtown on Summer Street itself. Both approaches use a broad driveway at the western side of the forecourt that flows to all the principal entries and parking.

The west side drive will exit to Summer Street. A driveway from the forecourt leading to the Viaduct Street intersection will exit from the north ceremonial entry. The roadway through the forecourt will be managed to maximize efficiency and traffic flow.

Pedestrian flow to and from the facility must approach along Summer Street from the east and west, and from Viaduct Street at

its intersection with Summer. The predominant flow of traffic will be from the west. Both vehicular and pedestrian systems must provide clear, direct, and separated paths. Within the forecourt, pedestrians take precedence over vehicles, helping to create a welcoming environment.

Truck access is from the C Street connection to the Haul Road at the northern portion of the site, at natural grade. This route brings trucks from the Interstate and Bypass Road to the facility and the industrial areas to the south.

Due to the very large size of this facility, its placement on the site requires the elimination of C Street south of Fargo Street. This in turn requires the increased use of D Street as a connection south to the West First Street truck route serving the industrial areas.

Summer Street Corridor and the Forecourt

Planning for the site has suggested specific changes and improvements to the current design for Summer Street. First, the creation of a widened, landscaped median will provide a safe left turn into the site and will also beautify the street. Additionally, signalization of the two new intersections is needed, with appropriate pedestrian features.

The unfinished part of Summer Street, adjacent to the

new Viaduct Street Bridge, should also be addressed, since the intersection formed by the exit driveway from the BCEC and Viaduct Street at Summer Street will need to be redesigned.

The forecourt establishes the entrance to the BCEC and celebrates the public nature of the building. It should be integral to the facility's public image. The forecourt is located and nominally centered on the B Street View Corridor, and its ceremonial entrance achieves direct visual connection to the harbor. As a result of grading requirements, the level of the entry floor is slightly elevated with respect to Summer Street, enhancing the view plane towards the north.

BCEC Buffer Zone

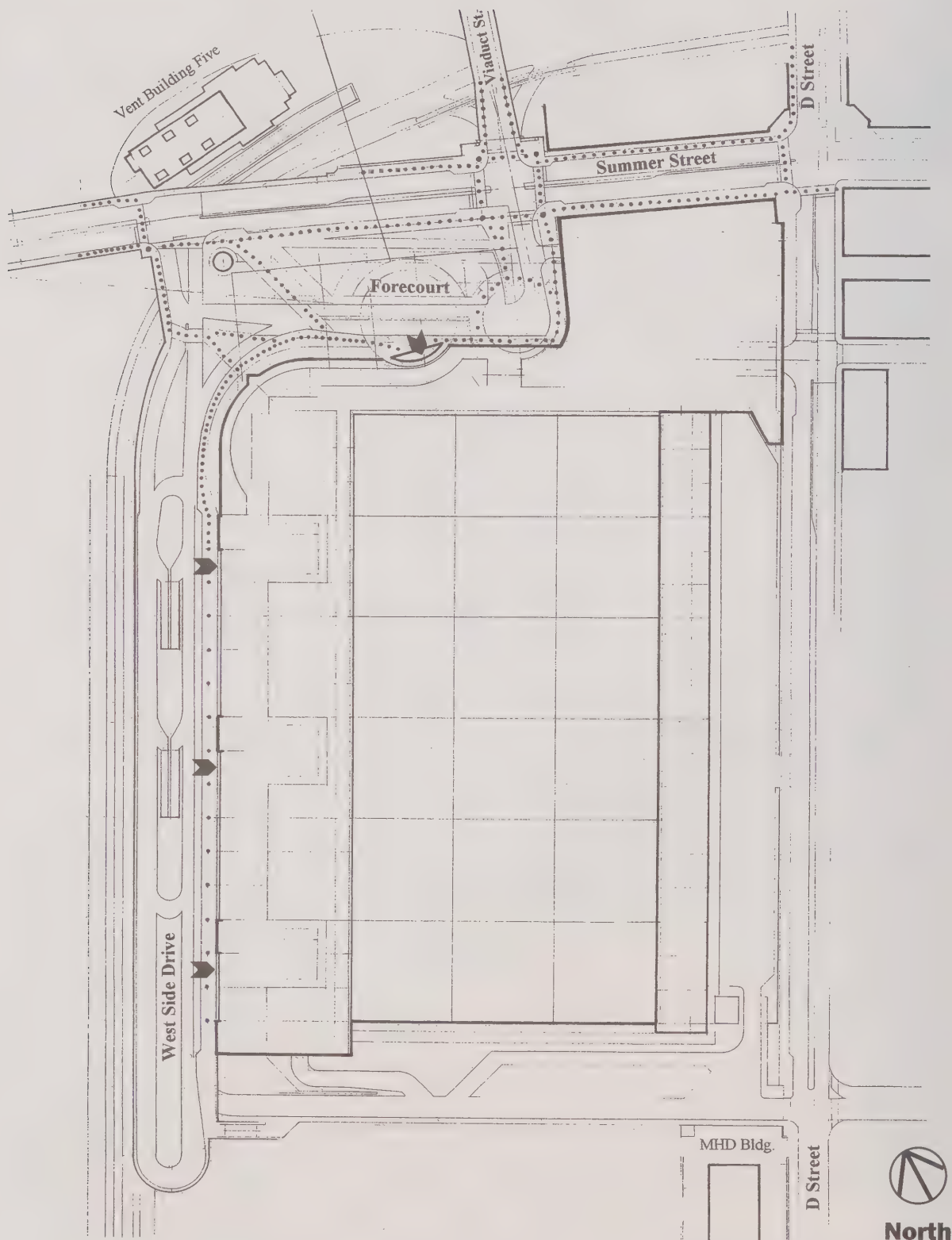
The area identified for ongoing study by the BRA is a one block wide band along the eastern edge of the BCEC site and a two block band along the southern edge. The north/south arm, from D Street east to E Street, consists primarily of open land, the result of recent demolition and unbuilt parcels.

While a great variety of uses could be accommodated in this area, decisions about land use and zoning controls will be made by the BRA in close cooperation with the South Boston community.

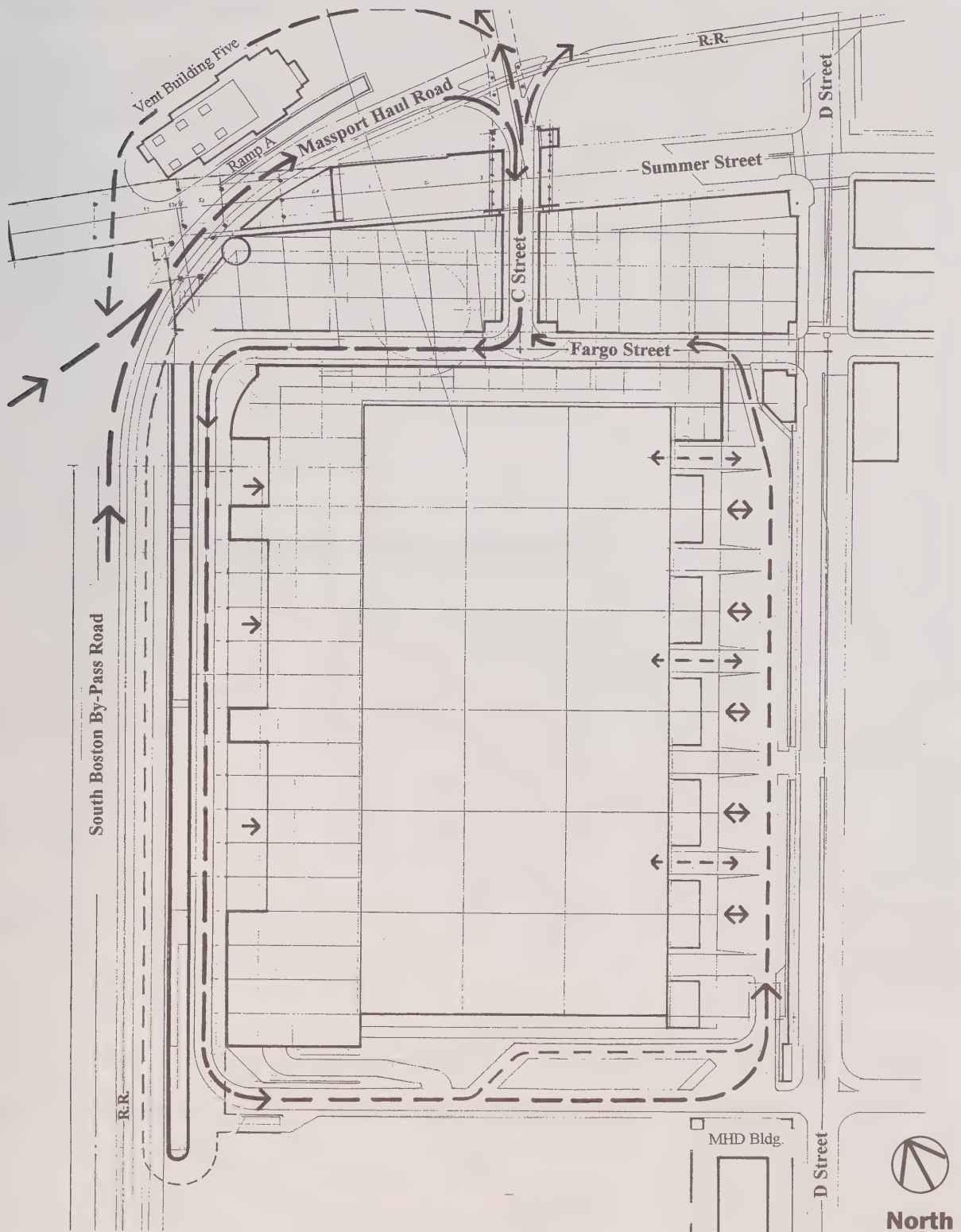
D Street needs to be reconfigured to better manage the antici-

FACILITY

BOSTON CONVENTION & EXHIBITION CENTER



Boston Convention & Exhibition Center
Pedestrian Access • Summer Street Level



Boston Convention & Exhibition Center
Truck Access to Facility • Grade Level

pated increased use of the street resulting from the BCEC. Community reviews show that pedestrian enhancement of this route would provide a more usable means of reaching the Waterfront from South Boston. The community has voiced strong opposition to D Street becoming a major vehicle thoroughfare between West Broadway and Northern Avenue.

These combined objectives can be met with lane improvements, a landscaped median, generous sidewalks, and attractive street tree planting. New lighting, traffic signals, street furniture, signage, and paving would create a boulevard-like environment for pedestrians. The remaining portion of the street to West Broadway needs further study and discussion to determine appropriate improvements.

The east/west arm of the Buffer Zone, currently devoted to industrial activities, is bounded by Cypher Street and West Second Street. West First Street runs down the center of this arm and is the designated truck route, while West Second Street marks the change from industrial to residential land use.

As often happens when a land use demarcation line runs down the middle of a street, the neighborhood suffers because one side of the street is not as attractive as the other. Streetscape improvements along West Second Street would significantly enhance the neighborhood.

It is feasible to reduce the paved street by as much as six feet and to widen the sidewalks to plant trees, re-light with residential-scale fixtures, and meet all current accessibility standards. Improvements will be anchored by the Flaherty Playground at the corner of B Street and West Third Street on the west, and the redeveloped Foundry Building on the east and will encompass both sides of West Second Street.

Cypher Street Buffer

Cypher Street, the southern boundary of the BCEC, will have a landscaped buffer to soften views of the facility. Future expansion will complete the development of this street as part of the BCEC on-site truck route. The layout of the expansion phase will allow adequate land to re-establish a visual buffer.

Program Area by Space

Space Description	Area	
<i>Exhibition Hall</i>	592,000	SF
<i>Ballroom/Banquet</i>	60,000	SF
<i>Meeting Rooms</i>	164,500	SF
<i>Lecture Hall</i>	10,500	SF
<i>Public Circulation</i>	241,100	SF
<i>Registration</i>	44,400	SF
<i>Service & Support</i>	502,200	SF
<i>Food Service</i>	70,600	SF
<i>Administration</i>	23,700	SF
Total Conditioned	1,709,000	SF
<i>Exterior Building Support Areas</i>	450,500	SF
<i>Underground Parking</i>	630,000	SF
Total Non-Conditioned	1,080,500	SF
Total Constructed Area	2,789,500	SF

Description of Spaces

The following sections provide brief descriptions of each of the major spaces in the BCEC.

Arrival Zone

The entrance to the site will establish an arrival zone along one face of the building. A multiple lane boulevard entrance will allow shuttle buses, taxis, and limousines to drop off their passengers. The space can accommodate large coach buses, with a visual separation between pedestrians and vehicles. This separation may consist of planters, colored paving patterns, bollards, or similar features that provide for free flow of pedestrians while restricting vehicular access.

Canopies will extend from the drive to the entrance doors of the building for much of its length. This open air space will act as a covered outdoor entrance to the building.

Registration and Pre-function Space

Registration occurs in lobby areas just inside the building before patrons reach either meeting rooms or the exhibit hall. The depth of the prefunction space will allow for modular registration booths to be set up in lobby vestibules, avoiding interference with lateral circulation.

Registration for smaller events using only the meeting rooms will have space in the

meeting room prefunction areas for table-top check-in.

Exhibition Space

Convention centers, like most buildings, are designed to meet the needs of a specific customer. The driving factor for the design of an exhibit hall is the booth layout. Industry standard booths are 10 feet square, constructed back to back. Adding a 10-foot aisle creates a 30-foot-wide module, so all basic planning is done using a 30-foot by 30-foot grid.

Large, open, column-free spaces are required for exhibition halls. Because of the size of the exhibit halls planned for the new BCEC, column spacing of 180 feet by 180 feet will be used for most exhibit locations. The height to the lowest ceiling projection is planned to be 40 feet.

The exhibit hall will be divisible using operable walls that allow the hall to be subdivided into separate rooms, typically from 100,000 to 300,000 square feet. The roof structure will be designed to allow lighting trusses, projection screens, banners, or other convention-related materials to be hung from the ceiling at specific locations.

The perimeter walls and structural columns will be durable and slightly unfriendly to human touch up to eight or nine feet above the floor. This will help minimize damage from forklifts, crates, trucks, and golf carts.

Ballroom

The ballroom is a large, column-free space that is divisible into at least three sections. The highest demand for the ballroom is for banquet functions in support of building events, typically breakfast and lunch. For the BCEC, a 60,000-square-foot ballroom is proposed that can serve up to 4,000 people comfortably at a single event. Evening functions will include cocktail receptions with dancing or other entertainment.

Ballroom features will include a finished ceiling with a minimum height of 30 feet. A variety of lighting types will be used, including dimmable incandescent, fluorescent, and specialty lighting to highlight architectural features. There will be built-in flexibility for installing theatrical lighting for special events.

Meeting Rooms

Groups of meeting rooms are distributed through the facility. A group of meeting rooms will be closely associated with each exhibit hall division. A mix of room sizes is common, with nearby access to support facilities such as restrooms, telephones, and vertical circulation.

The meeting rooms are subdivided with movable partitions using the 30 foot planning grid, with the smallest room measuring 30 feet by 60 feet. The standard meeting room will have a minimum 16-foot ceiling height, with larger rooms having

proportionally greater ceiling heights.

Each meeting room will have preprogrammed lighting scenes, cable television hookup, and nearby storage areas for stackable seating and tables. The rooms will be carpeted, using a distinctive border pattern at the perimeter and center aisles to assist with table and chair layout. Ceilings will combine acoustical tile with drywall coffers.

At least two meeting rooms will have higher-quality finishes and be configured for use as an executive conference room, VIP lounge, or boardroom. Each will include a semi-private vestibule or lobby, and restrooms nearby.

The quality and character of the meeting space in the proposed BCEC will be equal to that in the Hynes Convention Center.

Lecture Hall

A lecture hall is a relatively new program element for convention facilities. Its primary use is for specialized training seminars, new product introductions, and multimedia presentations. Its fixed seat design must accommodate 300-400 people, but should create the atmosphere of an intimate gathering, not a cavernous exhibit hall.

Seats are upholstered, with desktop tables for the use of laptop computers and writing notes. Continental seating is suggested, with aisles on each side of the seating block. House lighting will provide a range from a well-lit training session to

the near-total darkness of a movie theater.

The lecture hall will be heavily utilized for educational programs, panel forums, new product roll-out, and sales training activities. This facility must accommodate high-quality multimedia presentations, including both front and rear screen projection systems, and video conferencing capability. The stage will have podium connections for sound systems and controls for lighting, slide, video, and film presentations, in addition to those in the main control booth.

Client Support Areas

A variety of spaces is required to support BCEC clients, from convention attendees and exhibitors to show management. These areas include public restrooms, telephone alcoves, management offices, and dedicated storage spaces.

A business support center centrally located in a major concourse for improved visibility is recommended. Secretarial support, computer fax/modem services, printing, and copying services will be available for a fee. Outside vendor options may include a sundries shop, travel services, auto rentals, and an automated bank teller.

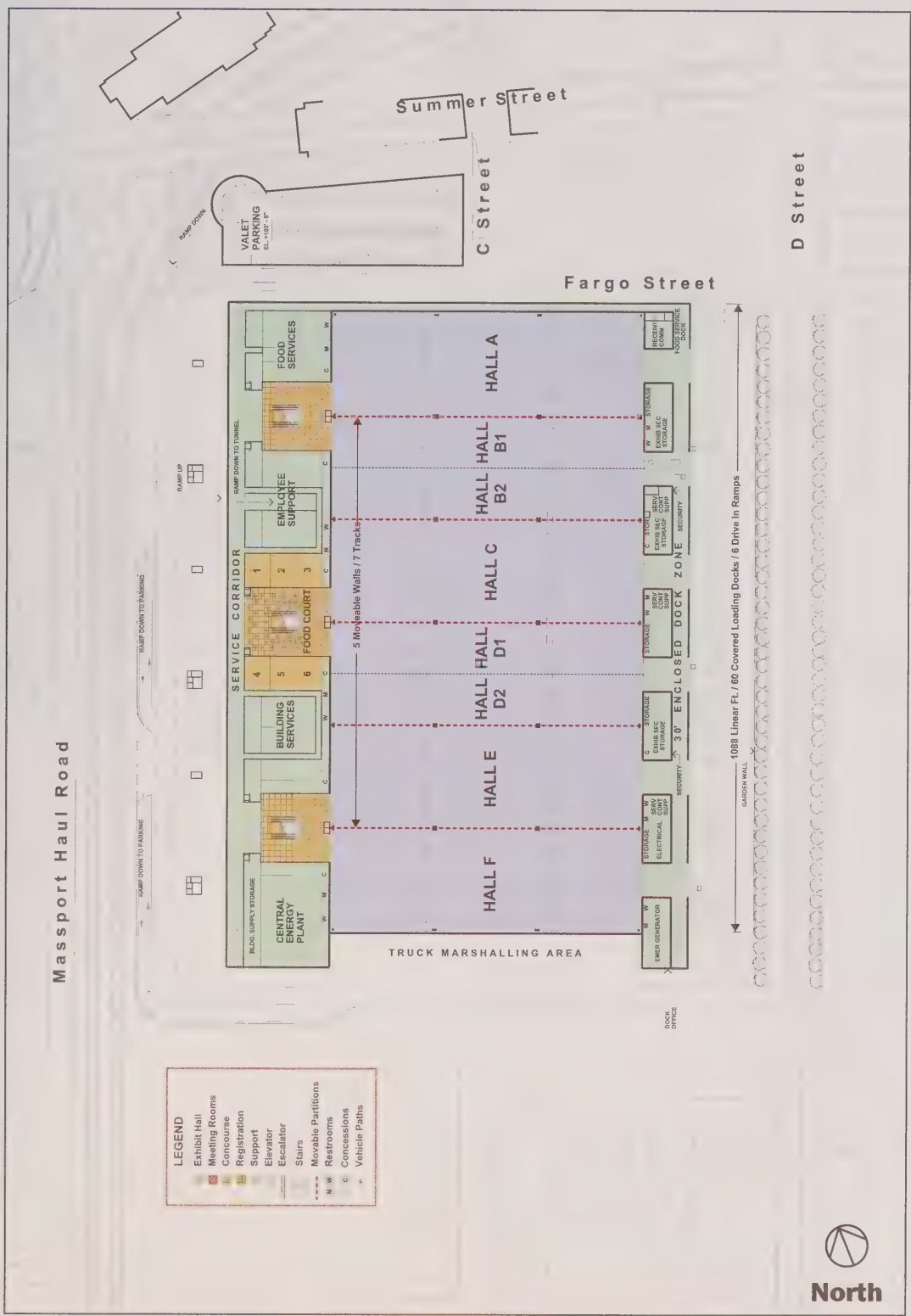
Employee Support

Staff support areas will be centralized near a dedicated employee entrance and have

easy access to the back-of-house service corridors. Once past the building security office, full-time staff members will have access to locker areas. Uniforms will be issued to part-time food service staff from an office near the main kitchen.

Technical support areas include central control and storage rooms for lighting, sound, and distributed television systems. Telecommunications and data support switches will be located near the service entrance to the building.

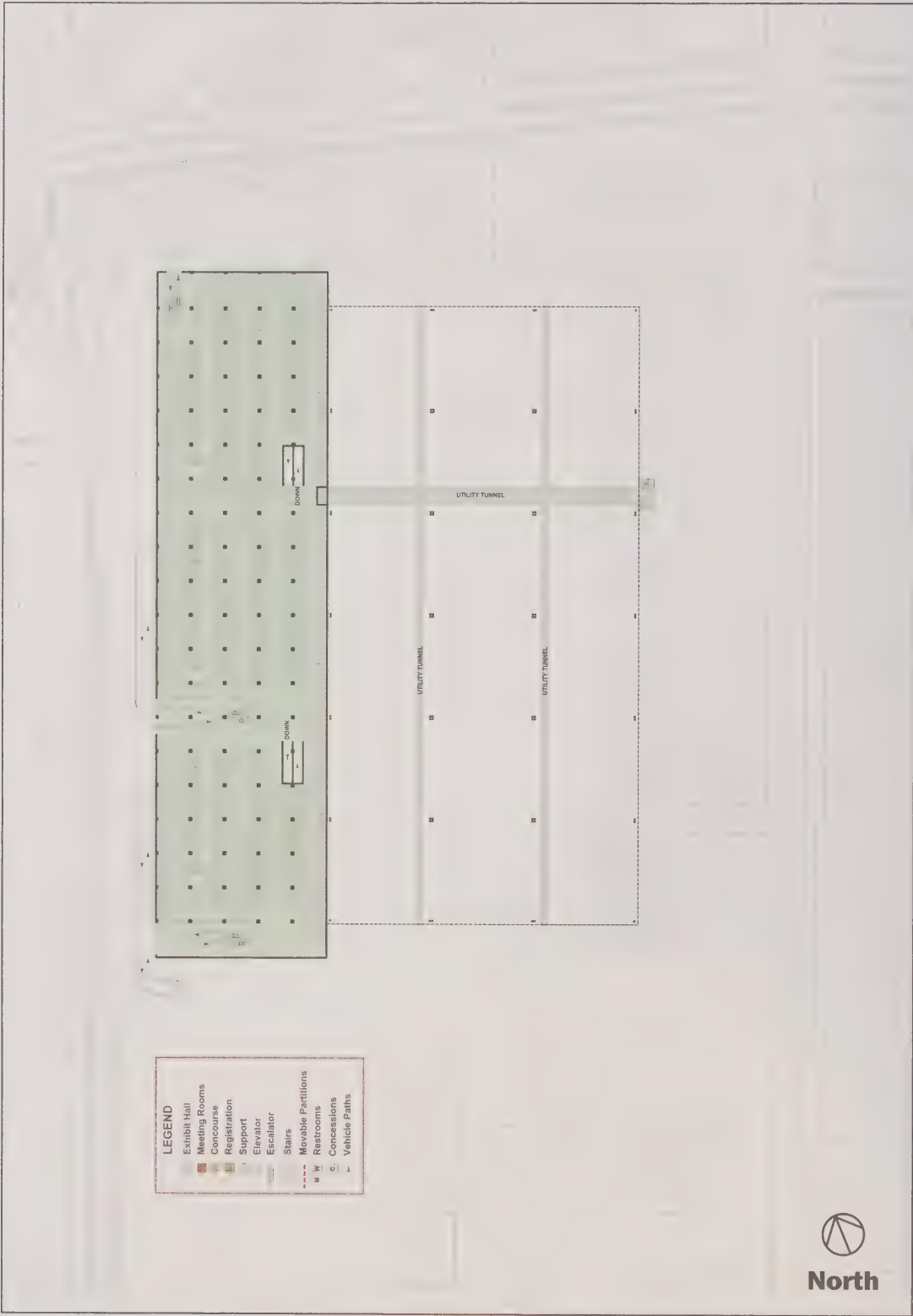
Engineering, electrical, and maintenance shops will be located near the dock, with easy access to the exhibition floor. This area will house a carpentry shop, electrical, and radio repair functions, setup and house-keeping crews, and other non-technical staff who support the daily operation of the building.



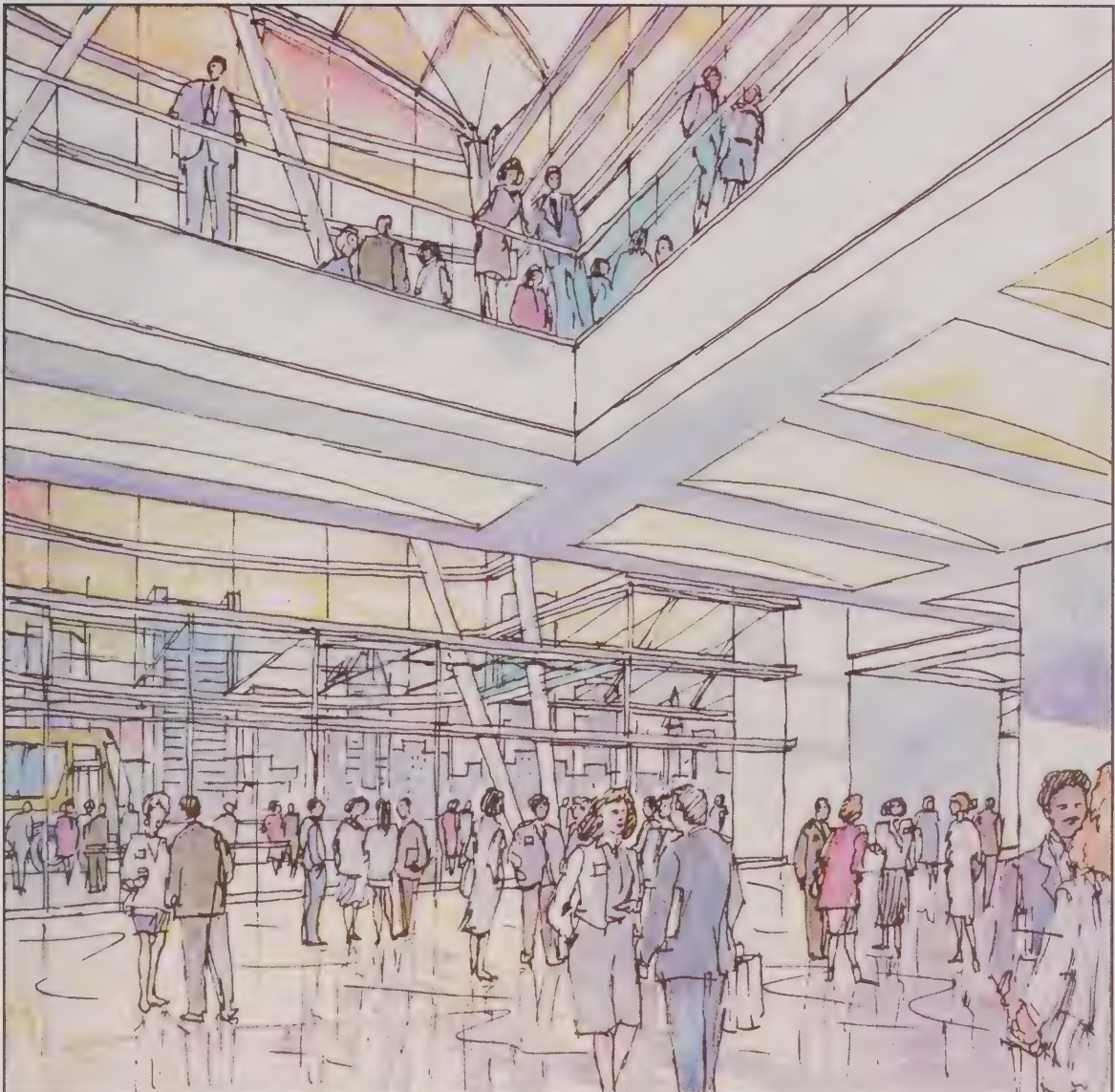
Boston Convention & Exhibition Center
Level 1







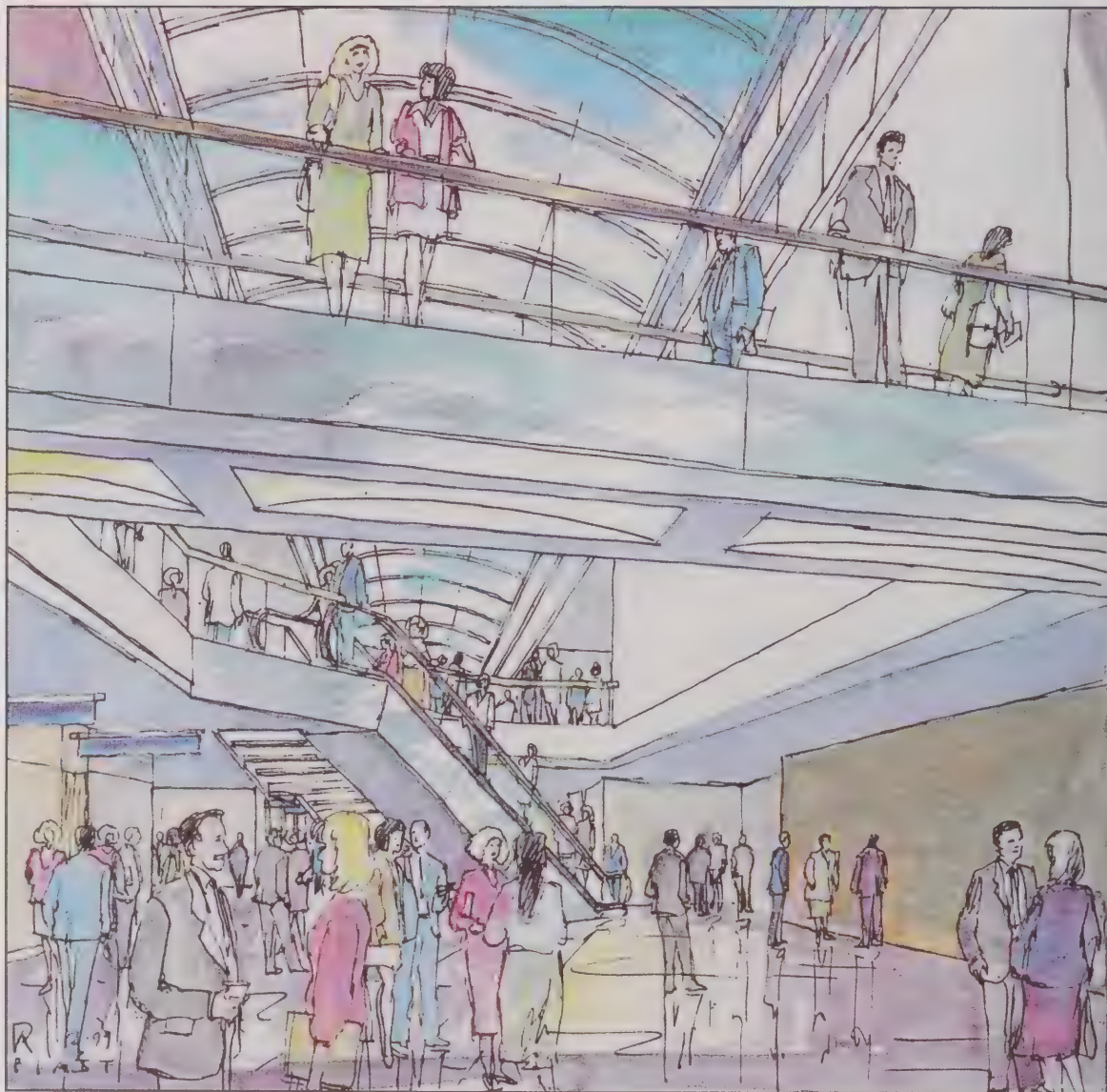
Boston Convention & Exhibition Center
Parking Level 1



Boston Convention & Exhibition Center
Interior

FACILITY

BOSTON CONVENTION & EXHIBITION CENTER



Boston Convention & Exhibition Center
Interior

Architectural Planning Principles

The BCEC is oriented on the site such that the primary public entries and registration areas are reached directly from the Summer Street level. Access to the exhibition space occurs from the west, and to the ballroom and executive conference center from the north.

These public spaces are connected in one continuous, naturally lit concourse that allows for uninterrupted panoramic views back toward the skyline of Downtown Boston, as well as out toward the harbor.

The service side occurs at grade, primarily along D Street on the east with internalized site service roads for truck access and egress. A softened, layered landscape buffer will completely screen the internal service yard from the well lit, tree-lined D Street pedestrian promenade.

Positioned between the western and northern public concourse, and the eastern service band is the exhibition hall, which provides 592,000 square feet of contiguous exhibit space on one level. It is easily serviced along its eastern perimeter and accessible to the public from the west.

The exhibition space is flexible and divides into two, three or four halls at almost any combination of 100,000- square-foot increments. The halls are serviced and publicly accessible in the same manner, functioning

consistently regardless of how they are configured.

The exhibition halls are located at ground level and allow show-related service from the east, and building services access from the west. Primary public entries on the west side occur at the elevated Summer Street level. The main advantage to this specific site is that service can be segregated east to west, as well as vertically, allowing the public to enter the building at an upper level while building service occurs below at grade.

Entering at Level Two (the Summer Street level), a visitor can register immediately, then proceed to the exhibition hall by going down via escalator one level or to meeting rooms either on Level Two or Level Three. Both Levels Two and Three, by virtue of being elevated, offer dramatic, panoramic views back to the city and out to the harbor.

In addition to the three building levels, there are two

sub-grade levels of parking that are easily accessible via ramps from the western and northern drop-off/approach side of the building. These two parking levels occur under the western public facade and allow direct access up from parking into the public concourse.

The interior planning of the public concourse allows for a naturally lit, continuous, vibrant, multi-story space that creates a positive first image for the visiting patron regardless of how they arrive. The interior design will create a dynamic space that can stand on its own or accept banners, decoration, and signage, allowing each show to create its own individual atmosphere within this public space.

This impressive yet flexible concept, coupled with the striking views of the City and the Waterfront, integrates patrons' interior experience of the Center with the larger context of the City of Boston.

Conclusions

- *The new BCEC will include 600,000 square feet of single-level exhibition space.*
- *All parking, building service, and truck activities will be contained on the site.*
- *Estimated cost for the project is \$645 million, which includes land acquisition, designing, constructing, and equipping the facility.*
- *The Consulting Team recommends acquisition of the entire site area to preserve future expansion opportunities.*

FACILITY

BOSTON CONVENTION & EXHIBITION CENTER

Community Involvement

Since the beginning of this study, the active participation of the community has been essential to the success of the Boston Convention & Exhibition Center (BCEC) project. Many of the Consulting Team's recommendations on issues of facility programming, siting, pedestrian access, traffic, job opportunities, business relocation, and urban design reflect the input of the community.

This ongoing involvement reaffirms the City's and Commonwealth's commitment to a continuing participatory role for the community in planning the BCEC. It also will promote awareness of the many economic and community benefits to be gained from the new BCEC.

The South Boston Waterfront Committee

The South Boston Waterfront Committee, which represents the neighboring community's various residential, commercial, civic, and elected constituencies, has been largely responsible for these meetings on the BCEC. Appointed by the Mayor in July of 1996, the Committee has been and continues to be the conduit for voicing the community's concerns and translating them into formal project recommendations.

The Consulting Team commends the Committee's hard work in ensuring that the South Boston community's concerns have been addressed during project planning to date.

Informational Forums

Other participatory forums have been held to initiate public discussion, address community concerns, and answer specific questions. In addition to the numerous meetings with the South Boston Waterfront Committee, BCEC briefings have been held with South Boston's elected officials.

A Boston City Council public hearing was conducted at City Hall and a community-wide informational forum was recently held in South Boston. This public forum, sponsored by the South Boston Waterfront Committee, is part of a continuum of public meetings aimed at addressing community concerns and questions while assisting the Consulting Team in defining project parameters.

The Consulting Team also has conducted informational briefings for the Greater Boston Chamber of Commerce, Massachusetts Lodging Association, Greater Boston Convention & Visitors Bureau, National Association of Industrial and Office Properties, World Trade Center, Massport, Massachusetts Convention Center Authority, and other organizations.

Updated Concerns

The following list represents a revised and updated version of the community concerns that were first published in the Interim Report. They were developed with feedback gleaned from meetings with the South Boston Waterfront Committee, South Boston's elected officials, and residents attending the public forum.

This revised list of concerns and responses is part of the process of incorporating the community's concerns into the formal phases of project development. While many of the community's concerns first listed in the Interim Report have been addressed, their reiteration, and the addition of new concerns, affirms the inclusion of the community's voice as part of this project's planning process.

Concerns

Recommendations

Job and Business Opportunities

- | | |
|---|---|
| <ul style="list-style-type: none"> • <i>Develop programs for local job recruitment and vocational training.</i> • <i>Develop programs to minimize job relocation and to assist with job retention issues.</i> • <i>Establish linkages between new convention center and local businesses, particularly for contract services and purchasing.</i> • <i>Establish economic development and job linkage programs with community organizations.</i> • <i>Recognize the need for related neighborhood improvements as part of the BCEC project.</i> | <ul style="list-style-type: none"> • <i>The scope of potential employment opportunities is defined in the Economics section. Detailed work on these objectives will be included in next phase of project development after legislative approval.</i> • <i>The preliminary plan for business relocation is included in the Site section. Detailed work on these objectives will be included in next phase of project development after legislative approval.</i> • <i>The scope of contract services and employment is discussed in the Economics section. Detailed work on these objectives will be included in next phase of project development after legislative approval.</i> • <i>Detailed work on these objectives will be included in next phase of project development after legislative approval.</i> • <i>Established Buffer Zone concept, proposed streetscape, and other neighborhood improvements are included in the Final Report.</i> |
|---|---|

Transportation and Transit Issues

- | | |
|---|--|
| <ul style="list-style-type: none"> • <i>Conduct a comprehensive traffic and parking analysis of South Boston in order to minimize the impact of traffic generated by the new facility.</i> | <ul style="list-style-type: none"> • <i>The preliminary traffic and parking study is included in the Final Report. Additional intersections and system-wide issues identified by community will be analyzed in Environmental Impact Report, to be included in the next phase of project development after legislative approval.</i> |
|---|--|

Concerns

Recommendations

Transportation and Transit Issues

- *Preserve commercial use of and improve access to the Haul Road to ensure direct, unencumbered entry to port facilities. Work with the community to improve access to the convention facility for commercial vehicles.*
- *Conduct a full analysis of on- and off-site parking so that mitigation measures can be developed that address concerns over taxicab, bus, and truck staging outside the facility.*
- *Develop planning options that improve pedestrian access to Summer Street, the South Boston Transitway station, and the World Trade Center.*
- *The plan accommodates all service traffic on north side of the BCEC from C Street, returning via D Street. There is no impact on use of the Haul Road for commercial vehicles.*
- *The plan accommodates taxicab, shuttle bus, and limited truck marshaling on-site. Approximately two thousand spaces are provided on-site for visitor and employee parking.*
- *Planned pedestrian access to the site takes full advantage of Summer Street and Viaduct Street, that connect to the transitway and to the World Trade Center.*

Operational/Construction Issues

- *Ensure that the new convention center will be dedicated to trade shows and association meetings only, with no gate shows.*
- *Coordinate the construction impacts of this project with other public and private construction projects in the area.*
- *Create a mechanism for monitoring and managing traffic related to local events in the ballroom of the facility.*
- *Create mechanisms for monitoring, managing and enforcing proposed traffic plans.*
- *A firm commitment not to allow gate shows has been made. The Consulting Team is recommending marketing, booking, and scheduling strategies and policies that focus on larger conventions and exhibitions requiring over 120,000 square feet of exhibition space.*
- *Master planning for the South Boston Waterfront will take into account the development schedule for the BCEC project.*
- *The Consulting Team recommends that controls be placed on non-convention-related events.*
- *The Environmental Impact Report will require an enforceable traffic management plan.*



Boston Convention & Exhibition Center
Proposed Streetscape Improvements within Convention & Exhibition Center Buffer Zone

Concerns

Recommendations

Operational/Construction Issues

- | | |
|---|---|
| <ul style="list-style-type: none"> • <i>Ensure community participation in ongoing management and policy decisions of new facility.</i> | <ul style="list-style-type: none"> • <i>The Consulting Team recommends the appointment of a community representative to the facility's governing body.</i> |
|---|---|

Building Design Issues

- | | |
|--|---|
| <ul style="list-style-type: none"> • <i>Define the building footprint and expansion options within the study area.</i> • <i>Maximize the physical distance from residential areas to ensure optimal use of the buffer/transition zone area.</i> • <i>Avoid having large featureless walls facing the St. Vincent residential area.</i> • <i>Conceal back of house uses and loading areas from public view and residential areas to the greatest extent possible.</i> • <i>Maximize the active and pedestrian friendly frontage of the building.</i> | <ul style="list-style-type: none"> • <i>This task was completed in Interim Report and is confirmed in the Final Report.</i> • <i>The facility is placed at northernmost edge of the site without impacting the utility corridor in Fargo and D Streets.</i> • <i>The building exterior will be articulated on all faces. The eastern side steps down towards the street. In concert with the BRA, community representatives will participate in design review with the selected architectural team.</i> • <i>A decorative screen wall ten feet high, with an additional six feet of lattice above to shield loading docks from pedestrian views, is being developed for the southern and eastern edges of the site. The wall will be constructed at the beginning of project.</i> • <i>Conceptual design sets the facility back from Summer Street to provide an open, welcoming forecourt to the building with ample landscaping.</i> |
|--|---|

Concerns

Recommendations

Building Design Issues

- *Ensure that the scale and massing of the BCEC have minimal wind and shadow impact on the neighboring residential community.*
- *Develop regulatory protection in the form of a buffer zone to ensure an attractive transition into residential areas.*
- *Create a building design that reflects the character of Waterfront businesses and is compatible with adjacent residential neighborhoods.*
- *Explore expansion options to the area north and west of Summer Street.*
- *Although the facility is a collection of large interior spaces, the overall facility is of modest height, with no impact on residential areas. Wind and shadow impact will be minimal and limited to the immediate area of the facility. This will be studied further in the Environmental Impact Report.*
- *The BRA has begun the process of planning and rezoning the district, as well as defining the Buffer Zone. This process will continue with further community input and will include restrictions on land use.*
- *The conceptual design reinforces the urban characteristics of the surrounding area.*
- *The facility has been placed at the farthest north and west position on the site. Due to the clearance and contiguous floor space requirements for the exhibition hall, it is not physically possible to extend over or under Summer Street or the railroad tracks without disruptions to existing and planned infrastructure.*

Urban Design Issues

- *Address neighborhood concerns regarding possible expansion. Provide streetscape improvements such as lighting, planting, and paving during the initial development, rather than at a later date.*
- *Buffer Zone street and site perimeter improvements are included in the project budget and scheduled for the initial stage of construction.*

Concerns

Recommendations

Urban Design Issues

- *Improve pedestrian connections to the surrounding neighborhood, especially vertical connections from elevated Summer Street to Congress Street, to ensure that the BCEC is accessible and integrated into community life.*
- *Develop public policy controls through zoning and licensing to restrict hotel development, entertainment establishments, liquor licenses, and off-site parking from encroaching upon residential areas, especially in the Buffer Zone.*
- *Wide sidewalks and traffic signals at the main intersections of Summer Street, Congress Street, and Viaduct Street will help result in easy and safe pedestrian access to the facility.*
- *The BRA has initiated a master planning and zoning review of both the Masterplan Area and the Buffer Zone, to be completed with broad-based community participation.*

COMMUNITY

BOSTON CONVENTION & EXHIBITION CENTER



Boston Convention & Exhibition Center
Streetscape

A Summary of Results

The following summaries explain in more detail the issues identified in the community concerns list. They pertain to those areas identified during the public forum as most pertinent to the community.

Job Creation

The proposed BCEC will generate approximately 6,481 jobs throughout the Commonwealth. Of these, 5,942 jobs will be generated in the Greater Boston Metropolitan Area, with 3,112 jobs in Boston alone. These include only direct jobs, not indirect or induced employment.

The Interim Report previously estimated approximately 6,800 total jobs. Further analysis determined that there is a higher level output per worker in the hotel industry than previously assumed. This reduced the total new employment estimate by approximately 300 jobs.

In addition to hotel employment, approximately 300 new jobs will be created at the Boston Convention & Exhibition Center in sales, management, operations, and contracted services to the BCEC.

Gate Shows

The BCEC Working Group advised the Consulting Team that a policy decision had been made that the new convention and exhibition center would not host gate shows. The general public is probably most familiar with gate shows held at convention and exhibition centers.

These shows involve attracting and charging the general public to tour exhibitions of products such as boats, cars, home improvements, computer technology, sporting, and recreational equipment, and food. Possibly the most familiar to Bostonians is the New England Horticultural Society's Flower Show, which occurs in March and signals the onset of spring for many people in the region.

Gate shows generate heavy attendance from the metropolitan area and the region. In contrast to convention visitors who stay in local hotels and travel to and from the center via shuttle buses, gate show attendees live locally and typically travel to and from the facility by private automobile.

Since daily attendance at large gate shows can number in the tens of thousands, the resulting traffic and parking demand can overwhelm local facilities and restrict access to neighboring residences and businesses.

With this perspective in mind, and in consideration of the site's proximity to the South

Boston residential community, as well as availability of other suitable venues for gate shows, the Working Group determined that the facility should not host gate shows.

City Zoning

In parallel with this study, the BRA is in the process of preparing a master plan for the entire South Boston Waterfront area. This plan will build on urban design work previously undertaken for the extension of I-90 through the area, the development of the MBTA's South Boston transitway, the new Federal Courthouse, the World Trade Center, and the Port of Boston Economic Development Plan, which addressed the future of port facilities in the area.

Masterplan Study Area

The BCEC is one facet of anticipated development in the area of the South Boston Waterfront bounded by Summer Street, D Street, Boston Harbor, and the Fort Point Channel. It is expected that new hotel, restaurant, entertainment, and retail development associated with the BCEC will locate in the area. A demand for 3,800 new hotel rooms near the facility is anticipated. Possible sites for new hotels have been identified along or north of Summer Street. The BRA, in conjunction with the South Boston community, will work on planning for new hotels and other area developments.

BCEC Buffer Zone

At the request of the South Boston community, a Buffer Zone has been established for the land between D Street and E Street to the east of the Site, from Cypher Street south to West Second Street, and from E Street west to B Street. Considering concerns over potentially undesirable land uses such as parking and hospitality venues, the South Boston community has recommended that the zoning in this area be thoroughly reviewed to complement positive BCEC-related service industry development. The BRA plans to address these issues with South Boston commercial businesses.

Traffic Analysis

Several major factors minimize the level of general traffic generated by the BCEC: 1) the commitment not to allow gate shows, and 2) the fact that most BCEC attendees will be staying at local hotels, using shuttle buses and taxis to reach and leave the facility.

Study results show that 70 percent of the facility's attendees will arrive via shuttle bus, 10 percent via walking, 10 percent via taxicab, and only 10 percent via private car. These percentages translate into the following impacts on the area: The BCEC will generate a 1.5 percent increase in peak hour trips crossing First Street in South Boston along all north/south routes from A Street to L Street,

and a 3.7 percent increase in peak-hour vehicular trips crossing the Fort Point Channel bridges.

As the numbers illustrate, there will be no significant impact on traffic operations in South Boston. Equally as important, the project has no significant impact on traffic conditions during its peak construction period.

Off-Site Street Improvements

The Consulting Team has recommended that \$10 million be included in the BCEC project budget for off-site improvements. A partial list of these improvements follows: West Second Street from E Street to B Street, D Street from West Broadway to Summer Street, Cypher Street west of D Street, Summer Street from D Street to B Street and utility relocation.

West Second Street

The appearance of West Second Street, which is one-way westbound, can be greatly improved by screening the industrial uses on the north side of the street. A conceptual design developed by the Consulting Team would narrow the carriageway of the street slightly to widen the sidewalk on the north side, providing space for a row of trees.

The cooperation of the industrial property owners will be

sought to replace existing fences and to plant screening foliage on their properties. New, residential-scale, attractive street lights will replace the highway-style lighting currently in use. It may also be possible to widen the sidewalk on the south side of the street to provide for a row of trees.

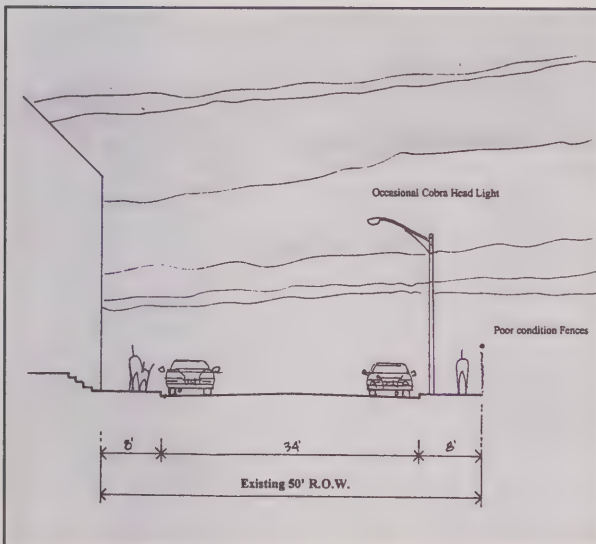
D Street from West Broadway to Summer Street

For many years, community activists in the St. Vincent's neighborhood have worked to change the nature of D Street from a major traffic arterial to a local street.

This effort began to bear fruit when a network of one-way streets was established in order to make it more difficult for cars and trucks driving through South Boston to easily pass north and south on the letter streets in the St. Vincent's neighborhood - the so-called Circuit Breaker System. This existing traffic pattern will not be altered by BCEC operations.

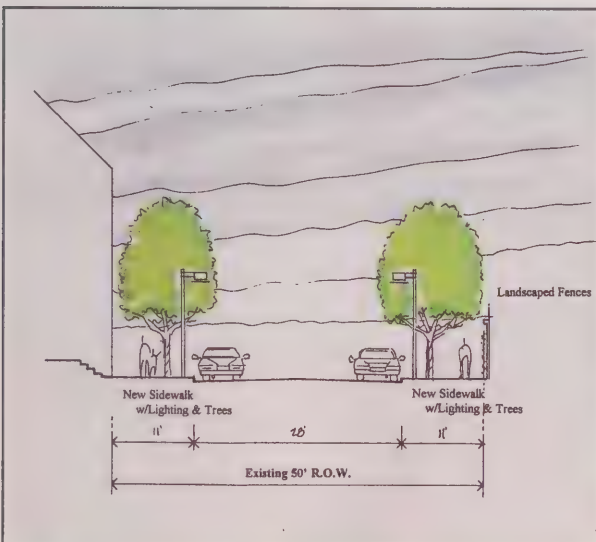
With regard to D Street improvements, community residents want the street to be more pedestrian friendly, to provide a good-quality pedestrian connection to the Waterfront, and to discourage increased truck and non-residential access.

New sidewalks will be more generous in width and, on the west side of the street, have planting buffers and a 12- to 15-

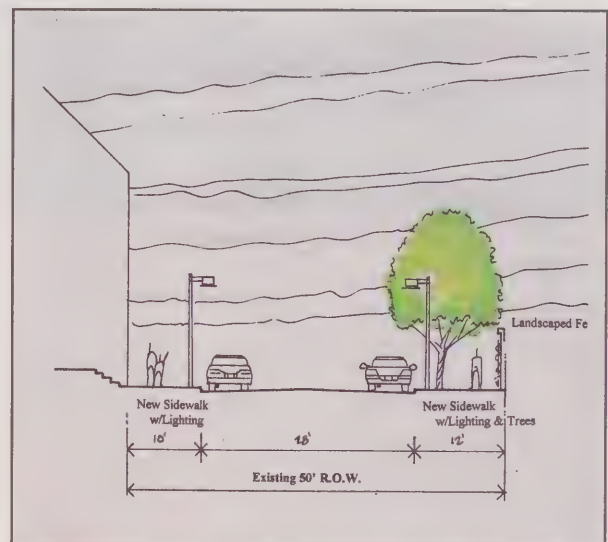


Existing Section

**Boston Convention & Exhibition Center
Section at W. Second Street
Looking West**



Proposed Section Approach A



Proposed Section Approach B

foot-tall decorative screen wall to shield and provide security for the exhibit truck dock on the east side of the BCEC. D Street from Summer Street to Cypher Street will be redeveloped with a median to establish queuing areas for left turn lanes at Summer Street and Fargo Street.

The balance of D Street, from Cypher Street to West Broadway, requires additional design attention to establish the precise nature of desirable improvements. These may include widened sidewalks, improved residential-scale street lighting, and trees where there is adequate

room within the right-of-way.

Cypher Street

As part of the development of the buffer at the south end of the BCEC expansion area, Cypher Street from D Street west to where the street ends just short of



Proposed Section at D Street • Looking North

the Conrail tracks will need to be partially rebuilt. This will improve its appearance while maintaining access for businesses along the south side of the street.

Summer Street

Summer Street from D Street to B Street is to be substantially rebuilt by the CA/T Project. The current design of this reconstruction will be amended to add signalized intersections at Viaduct Street and the driveway entrance to the BCEC. The carriageway design must be changed to add a left turn lane at this entrance. Changes to the crosswalks, such

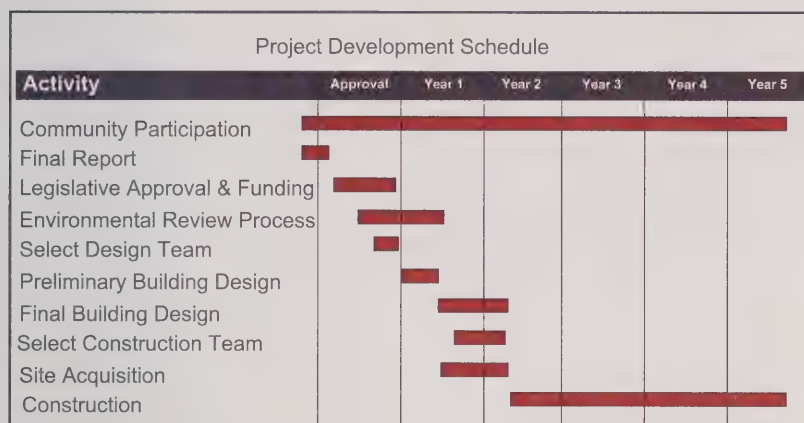
as pedestrian bulb-outs at intersections and changes to proposed sidewalk materials will improve access to the facility and enhance pedestrian walkways for community residents.

Continuing the Public Process

As the preceding discussion illustrates, community concerns have been integral to the development of project recommendations. As the project proceeds toward legislative consideration, design, and construction, community participation, review, and feedback will remain a priority consideration. As the develop-

ment schedule indicates, the community process will continue throughout the development process.

It is anticipated that, after legislative approval, the formal planning, design, and environmental analysis will take an additional 18 months. During this period, detailed formal reviews of the project will be required. This process will require full community participation and will serve as a vehicle to resolve the concerns raised by the community.



Community Representation

The community has requested a community liaison to participate in the planning for design, construction, and operation of the facility. A community liaison would represent South Boston's interests in decisions regarding facility construction, job opportunities, and training, job relocation, buffer zone development and nearby business and hotel development.

As discussed in the Operations section of this report, the Consulting Team also recommends that a representative of the South Boston community be appointed to the Board of Directors of the operating entity for the BCEC.

These issues are of critical importance to the South Boston community; the community deserves not only to be kept apprised of planning decisions but to have a decision-making voice. The Consulting Team

endorses this recommendation as part of the Final Report.

Statewide Impact

Public involvement, however, is not limited to the South Boston community. A public project of this scale demands the attention and the understanding of all Massachusetts residents. Educational efforts must extend beyond the immediate geo-

graphic area to promote the BCEC's positive economic benefits to Greater Boston and the Commonwealth of Massachusetts.

Informational forums will continue to be held to advise a variety of constituencies about the many economic benefits of the BCEC and to minimize misinformation. Public participation and education remain key elements of this project as it proceeds through the next phases.

Conclusions

- *Groups representative of South Boston and the region have been involved in initial discussions for the project.*
- *Community benefits, concerns, and issues continue to be identified.*
- *Ongoing participation and assessment by the community are required throughout the development process to ensure the success of the project.*

COMMUNITY

BOSTON CONVENTION & EXHIBITION CENTER

Overview

Throughout the United States, convention center construction is usually financed with public debt which is repaid over a 20 to 30 year period. Sources of funds to repay the debt are usually tax revenues primarily generated from those most likely to use, or otherwise benefit from the facility. Hotel room occupancy taxes, sales taxes, car rental fees, parking taxes, meals taxes, airport access fees, tolls, and development fees are the revenue sources used most often to repay the debt service. In addition, these tax sources are frequently used to finance ongoing operating and marketing needs. The mix of revenue sources selected in any given case depends upon the comparative level of existing taxes or fees, as well as what is considered to be both fair and feasible under the unique political and economic circumstances of each development.

The Consulting Team recommends an approach to financing the Boston Convention & Exhibition Center (BCEC) that takes into account the specific economic and fiscal circumstances faced by the Commonwealth and the City of Boston and other affected communities. The recommended approach to the financing includes a general description of the proposed types of municipal bonds to be used, potential

sources of payment on bonds, and sources of credit or backing for the bonds. The approach described in this report will satisfy the requirements of municipal bond rating agencies, bond insurers and the investment community as a whole.

The Consulting Team's recommendations on financing are based on the principles set forth below and are intended to establish a general framework for funding the project. Certain assumptions regarding the debt structure are made in order to estimate the total debt burden under this proposed approach. The financing team also recommends a set of revenue sources that may be used to finance the project. Through the legislative process, the Commonwealth, the City of Boston and other affected communities must decide on a specific set of revenue sources and tax rates that will raise sufficient funds to meet the financing objectives outlined in this report.

Principles of the Financing Approach

To the greatest extent possible, revenues that are generated by the development and operation of the BCEC should be taxed to finance the project. The economic impact analysis of the Consulting Team has identified hotels in Boston and Cambridge, and restaurants and other commercial establishments in the area adjacent to the BCEC, as

the primary beneficiaries of the project.

Conversely, the tax contribution of residents of the City of Boston and the Commonwealth should be minimized as much as possible.

Tax rates should be kept as low as possible in order to avoid creating an anti-competitive situation.

Taxes should be imposed in a way which utilizes the existing efficiencies from collection of current taxes.

Relevant Economic and Fiscal Characteristics

The Consulting Team has identified certain economic and fiscal characteristics of Boston and the Commonwealth that are important in determining the type of financing appropriate for the BCEC. Specific circumstances identified by the Consulting Team that have a direct influence on the capital finance plan recommendations include the following:

- *Only the Commonwealth has the authority to impose new taxes or fees. The Commonwealth also collects and administers hotel, sales and meals taxes.*
- *Hotel tax rates are currently below the national average. The Consulting Team's research of 38 convention*

destination cities has shown the average tax rate to be 12.3 percent compared to the 9.7 percent tax rate in Boston.

- *Relatively high room rates increase Boston's potential to raise funds from the hotel tax. Boston's above average rooms rates are caused primarily by the preponderance of full-service hotels in the market.*
- *The area surrounding the proposed BCEC site shows potential for future hotel development which, in turn offers potential to add to the tax base. Furthermore, the hotel market in Boston appears to be poised for future growth.*
- *The Greater Boston metropolitan area will derive the greatest amount of economic benefit from the project in the form of new spending and job creation.*
- *Joint operation and marketing of the Hynes and BCEC will be necessary to achieve efficient operations, maintain appropriate rental rates, and successfully capture an appropriate market share of events.*
- *Current levels of investment in marketing and promotion of conventions are not sufficient to support the BCEC, the Hynes, and other facilities in the Greater Boston Area.*

Financing Objectives

The recommended financing approach is consistent with the Consulting Team's recommendations for an organizational structure that combines the operation and funding of the Hynes and the BCEC. The Consulting Team has identified the following financing objectives:

- *Provide \$695 million to fund capital costs of the new BCEC. The dollar amount of bonds issued may be higher than the amount of capital costs for a number of reasons including the following: (i) usually the cost of issuance adds between one and two percent to the total costs, (ii) if pre-paid or "capitalized interest" is required, then the size of the debt issuance will increase, and (iii) a debt service reserve fund in the amount of annual debt service is usually required. However, such additional capital requirements could be substantially mitigated in two ways: (i) by establishing and collecting revenues to be dedicated to the BCEC immediately and in advance of issuing debt, and (ii) using interest on construction fund balances to fund a portion of the project costs, thereby decreasing the amount of required proceeds.*
- *Provide sufficient funding for marketing and promotion of the Hynes, the BCEC,*

the World Trade Center, and other local venues. As discussed earlier, the success of the BCEC is dependent on the effective and coordinated marketing of the facility. The Consulting Team projects the annual amount of public resources necessary to implement a marketing strategy to be an additional \$3 million in 1997 dollars.

- *Cover any anticipated operating deficits and capital maintenance reserve requirements of the Hynes and the BCEC. The combined operating deficit is projected to be \$7.7 million in 2003 and to decrease to \$1.6 million by 2013 when use of the BCEC becomes stabilized. A capital maintenance reserve requirement for the BCEC has been estimated at \$1.5 million per year.*
- *The financing arrangements should establish a sufficient flow of funds that will allow for the eventual expansion of the BCEC should such an expansion be warranted. As has been demonstrated in the Market section of this report, if the growth in the demand for exhibition space continues as it has over the past decade, the BCEC will be required to expand beyond the current plans for 600,000 square feet of exhibit space in order to accommodate future demand.*

General Financing Structure

The Consulting Team recommends using a mix of general obligation debt and dedicated tax revenue bonds to meet the objectives of the financing. This combination of financing methods can provide the necessary financing capacity, keep tax rates relatively low, and focus the majority of debt burden on those who will benefit from the project.

General Obligation Bonds (GO) are backed by the full faith and credit of the issuer and repaid from general revenues. Either the Commonwealth or the City of Boston could issue general obligation debt which would be repaid in 20 to 25 years. In the current market, the average interest rate on the G.O. bonds is approximately 5.50 percent depending on the length of maturity.

Dedicated Tax Revenue Bonds are repaid through the pledge of certain dedicated tax revenues. The Commonwealth would issue the revenue bonds because it has the authority to levy, collect and administer the pledged revenues. Typically, revenue bonds are repaid over no more than a twenty-five year period.

In order to increase financing capacity with reasonable tax rates, the debt service payments on the revenue bonds would increase over time, a structure called accelerated debt service. This accelerated debt service

structure relies on growth in the tax base to fund future debt service. Typically, accelerated debt service structures do not provide a credit-worthy source of repayment. Therefore, credit enhancement in the form of City and/or State backing will be necessary to reduce the costs of borrowing and thereby provide sufficient borrowing capacity. These potential sources of credit are further discussed below. The average interest rate on the credit enhanced revenue bonds with a twenty-five year maturity is approximately 5.75 percent.

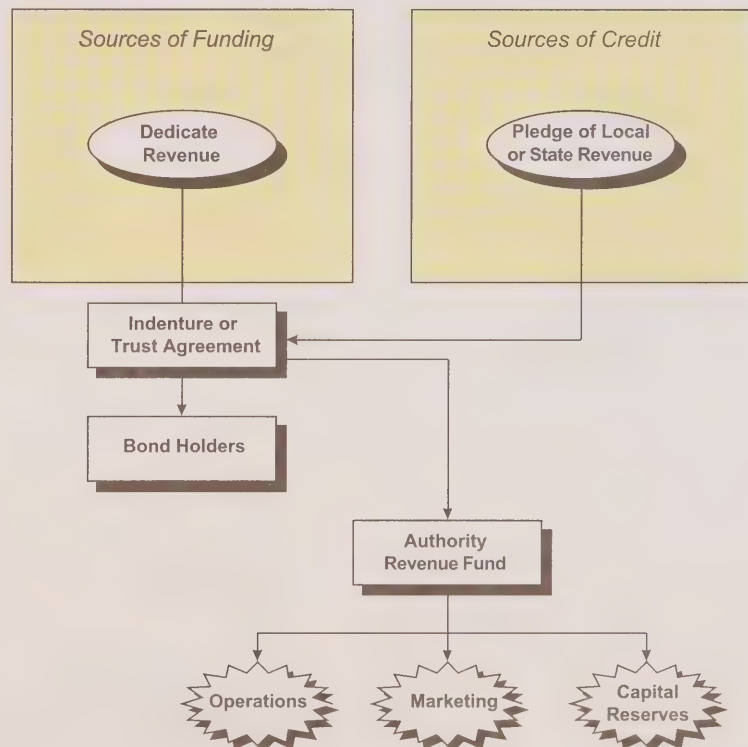
All interest rate assumptions contained in this report are based on current market conditions.

Should market conditions change, interest rates could be significantly higher or lower and the amounts of required debt service could be materially different from the amounts projected in this report.

Structure of the Revenue Debt

Under the proposed revenue bond financing structure, all revenues dedicated for the project would be collected by the Commonwealth, and the entire amount of dedicated revenues would be distributed to a Trustee who would make all payments of interest and principal to the

Proposed Revenue Bond Structure



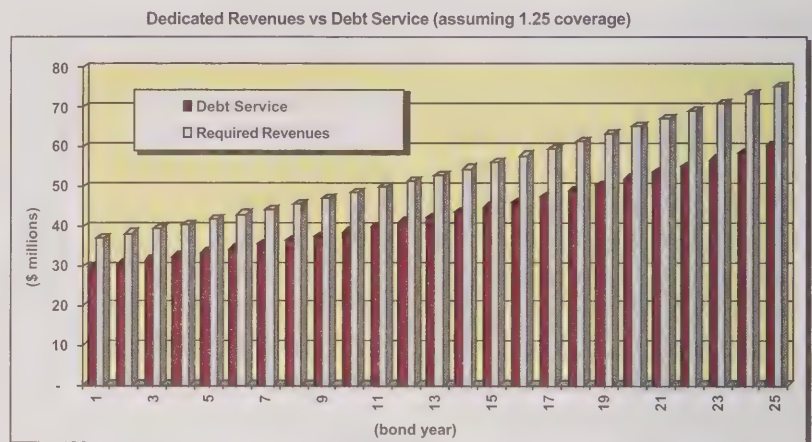
bondholders. To the extent that revenues are available after debt service is paid and subject to statutory guidelines, the Authority may use these revenues to fund operating and capital needs.

The proposed general structure of the revenue debt is illustrated in the preceding chart.

Sources of Payment of Revenue Debt

The amount of revenue needed to be raised depends on the structure of the debt repayment and the credit-worthiness of the bonds. Revenue debt is rated and sold based on the likelihood that the dedicated funds will be available for timely payment of principal and interest on the bonds. For the type of revenue bonds recommended for the BCEC, revenues that are initially equal to at least 1.25 times the annual debt service are likely to be necessary.

As an example, if 75 percent of the \$695 million project cost is to be provided through proceeds of dedicated revenue bonds (with the balance funded by general obligation bond proceeds), and assuming debt service is accelerated over the life of the bonds, then approximately \$40 million in dedicated revenue will be needed in the first bond year and grow to over \$75.5 million in the final bond year. The table above illustrates this example.



Sources: Johnson Consulting & Bear Stearns

The Consulting Team recommends that repayment of the revenue debt come from the dedication of certain hotel, meals and sales taxes. These are the sources of economic activity that are most closely related to the development of the BCEC. The imposition of newly authorized dedicated revenue sources could be limited to Boston and possibly Cambridge, including a newly created Special District in the area of the new BCEC. The following table summarizes potential sources for repayment of revenue bonds and the jurisdictions in which they may apply.

- Creation of a Special Finance District** - The Commonwealth and the City of Boston could create a BCEC Finance District (Special District) which would be proximate to the project site and north of Summer Street in the Fort Point Channel District. All
- Redirection of Existing Taxes** - A portion of the Commonwealth and local hotel room occupancy taxes could be redirected to the payment of revenue bonds. The redirection of existing revenues would divert that revenue from its current uses. However, the redirec-

hotel room occupancy, meals, beverage, and sales taxes received by the Commonwealth within the Special District could be pledged to repayment of the revenue bonds. Creation of the Special District would create the potential to capture all tax revenues within that District, further focusing the tax contribution on the entities that will benefit from the development. This proposal would not result in any increase in existing tax rates, with the exception of the convention center finance fee discussed below.



Boston Convention & Exhibition Center
Tax Zone

Potential Dedicated Revenue Sources

Potential Revenue Sources	Special District	City of Boston
Existing Hotels		
5.7% State tax	-	X
4.0 % local option tax	-	X
Convention Center Finance Fee*	-	X
New Hotels		
5.7% State tax	X	X
4.0 % local option tax	X	X
Convention Center Finance Fee*	X	X
Sales Taxes	X	-
Meals & Beverage Taxes	X	X
Car Rental Tax	-	X
Parking Tax	-	X

*This would be an increase in the current hotel room tax occupancy rate, above the current level of 9.7%.

tion of currently authorized taxes on new hotels would not take any existing revenue from State and local governments.

- **Convention Center Finance Fee -**
The Commonwealth may authorize a convention center finance fee to consist of an increase in the hotel room occupancy tax and applied to existing and new hotels in Boston and possibly Cambridge. This incremental increase in the hotel room occupancy tax could be dedicated to the repayment of bonds.
- **Meals, Beverage, and Sales Taxes from New Hotels -**
The Commonwealth could authorize the dedication of

existing taxes on meals, beverages and sales within new hotels in Boston to the repayment of bonds. No new meal, beverage or sales taxes would be imposed.

The dedicated revenues necessary to finance a substantial portion of the BCEC's development cost could be raised by several different combinations of existing tax rates applied to new business activity related to the BCEC and increased tax rates on business that will benefit from the BCEC's development.

As an illustration, the Consulting Team has determined that the amounts indicated in the adjacent tables could be raised by dedication of existing taxes on new hotels and imposition of a convention center finance fee.

Other potential sources of securing revenue bonds that are appropriate for consideration include all or part of the City of Boston's share of the current hotel room occupancy tax, the imposition of a parking tax in all or within a defined district of the City of Boston, and an addition to the rental car contract fee presently imposed at Logan Airport.

Redirection of Existing Taxes Potential Revenues in 2002 (\$ millions)

New Hotels* in Boston	Special District	Remainder of Boston
Room Occupancy Taxes (9.7%)	16.8	10.0
Sales, Meals & Beverage Taxes Collected in New Hotels	4.3	2.6

Source: The Consulting Team

*Assumes all 3,800 recommended rooms are on line by the year 2002. See appendix to this report for more detail on room supply projections.

**Convention Center Finance Fee
Potential Revenues in 2002 per each 1% of Fee**

Potential Revenue Sources	Special District	Remainder of Boston
Existing Hotels in Boston	na	4.4
New Hotels in Boston	1.7	1.0

Source: The Consulting Team

Sources of Credit

Typically, dedicated revenue bonds which utilize an accelerated debt service structure require credit enhancement in order to receive an investment grade rating. A non-investment grade issue would carry significantly higher interest rates and thereby reduce financing capacity. A pledge of hotel tax revenues above and beyond the projected amounts needed to repay the debt would likely result in an investment grade rating of one rating step below the Commonwealth's general obligation credit rating. Revenue sources used as credit enhancements would only be called upon in the event that dedicated revenues are insufficient to meet debt service payments.

The Consulting Team suggests consideration of one or both of the following credit enhancements:

- City Pledge of Existing Hotel Tax Revenues -** *The City of Boston could pledge some or all of its 4.0 percent local option hotel tax revenue stream that currently goes to its general fund in the event that projected new revenues are insufficient to meet debt service and reserve fund payment requirements. This pledge by the City would provide incentive for the City to encourage new hotel development especially within the Special District which is needed for the success of the BCEC. The City in turn benefits from the additional development which will increase property tax revenues.*
- Commonwealth Pledge of Existing Hotel or Meals Tax Revenues -** *Similarly, the Commonwealth could pledge a portion of its revenues from the existing 5.7 percent hotel tax, or the 5 percent meals tax. The Commonwealth in turn benefits from income taxes paid by businesses developed or expanded within the Special District and their employees.*
- Funding for Marketing and Promotion -** *The Consulting Team is recommending additional funding for the coordinated marketing and promotion of the Hynes, World Trade Center and the BCEC. An estimated \$3.0 million more in annual expenditures (in 1997 dollars) will be required in*

Additional Uses of Dedicated Revenue

The provision for "coverage" or amounts of dedicated revenues in excess of debt service will provide resources for the operation, promotion, and capital needs of the Authority. However, the potential exists for generating revenues beyond that necessary for debt service, operating and capital needs. Under those conditions, certain limitations on the distribution of excess revenues will be required in order to ensure the Authority has incentive for efficient operations.

Revenues beyond those necessary for debt service would be used by the Authority for three purposes:

order to fund Boston's efforts at the same level as other first tier cities.

- **Hynes and BCEC Operating Budget** - The Consulting Team has projected an annual operating deficit of nearly \$8.0 million in 2003 which would decline to \$1.6 million in 2012 when demand for the new facility is stabilized.
- **Capital Reserves** - In order to keep the facility in good repair over the life of the bonds, a capital maintenance reserve will be required. For the purposes of this analysis, the annual amount is assumed to be \$1.5 million per year. In addition to a maintenance reserve, the Consulting Team recommends that other available excess revenues be used to fund additional capital reserves which would be set aside for future expansion of the facility.

Conclusions

- The BCEC's development and operation can be financed in a variety of ways.
- Either general obligation bonds or revenue bonds or a combination can be used to finance construction.
- Revenues necessary to finance a substantial portion of the BCEC development cost can be raised without significant impact on the Commonwealth's residents.
- Because both the City of Boston and the Commonwealth will benefit from the BCEC, it is appropriate for both to be involved in its financing either directly or indirectly.

Project Delivery Approach

There are numerous factors that affect selection of the most beneficial project delivery approach for a specific project. The Owner is primarily concerned with satisfactory performance of the construction contract, including quality of workmanship, meeting time and budget goals, and assuring that value has been received for the price paid.

The complexity of the project, local competitive bidding conditions, use of minority and women business enterprise (MBE/WBE) programs, and the amount of input required from the Owner/Operator during the design phase are also important considerations. In most public projects, a key objective is securing the lowest qualified bid for the various work packages.

Three Sides to Construction Contracting

There are three entities involved in the delivery of a construction project, no matter what method is used — the Owner, the Designer, and the Builder. The way that the relationships are structured among these three groups will vary by contracting method, but each entity is required, and has distinct responsibilities, for the completion of a project.

As the size and complexity of a project increases, so do the contracting structures within the Design and Builder teams. Joint-venture partnerships, associations among individual firms, and limited-liability corporations are only a few of the recent team structures used in project delivery.

On public projects, the Owner is typically a government

agency or authority. On large, specialized projects, the Owner often selects an Owner's Representative or Program Management firm to function as an extension of its staff. That individual or firm administers the various design, construction, and consultant contracts, and oversees the design and delivery of the project.

The Designer's team on a project of this size typically includes a design and production architect, structural, mechanical, electrical, and plumbing engineers, and a number of specialty consultants in operations, food service, building codes, telecommunications, acoustics, fire protection, signage, and graphics.

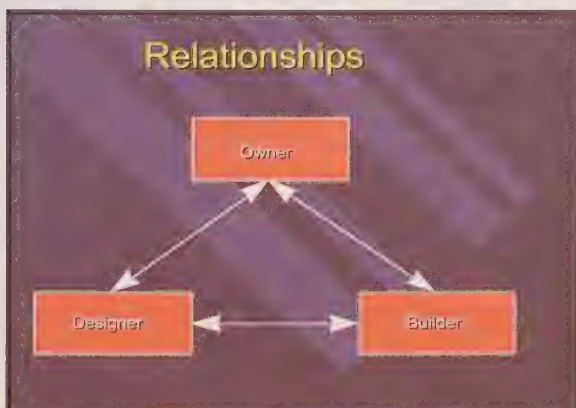
The Builder includes contractors, cost estimators, schedulers, project administrators, project accountants, MBE/WBW specialists, risk managers, and field inspectors trained in the various construction disciplines.

Delivery Methods

While many hybrids of project delivery methods exist, there are four common approaches. They are:

- **Conventional**

Drawings are prepared by the Designer with input from the Owner; the documents are fully developed and coordinated; the project is



bid, the bids are monitored by the Designer and awarded by the Owner to a single general contractor (GC). This is the method currently prescribed by the Commonwealth for publicly funded projects.

- **Construction Manager as Agent (Pure CM)**

Drawings are prepared by the Designer with input from the Owner; the documents are assembled into multiple construction contracts, the bids are monitored by the Designer; contracts are awarded to the lowest qualified bidder on behalf of the Owner by the CM, who administers the contracts. The Owner holds all of the contracts with the individual subcontractors, and the CM simply serves as an agent of the Owner. Under this system, the CM is not liable for cost overruns or schedule compliance.

- **Construction Manager at Risk (CM/GC) or Modified CM**

Drawings are prepared by the Designer with input from the Owner; the documents are assembled into multiple construction contracts, the bids are monitored by the Designer and are awarded to the lowest qualified bidder by the CM/GC, which holds and administers all of the contracts with the sub-

contractors. Under this approach, the CM/GC can be held responsible for cost overruns and schedule compliance.

- **Design/Build (D/B)**

The Designer and Builder entities are combined, providing a single-point of responsibility and contact for the Owner.

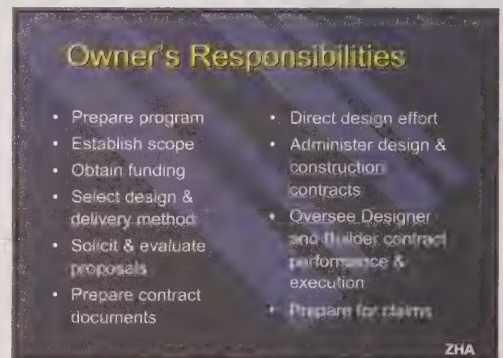
The drawings are prepared from a descriptive program prepared by the Owner; bid packages are assembled, let, awarded, and administered by the D/B.

The benefits and weaknesses of the available delivery methods should be carefully evaluated early in the development process to select the approach most appropriate to the Owner and project type.

Owner Responsibilities

No matter which project delivery method is selected, the Owner still must be actively involved in decision making. The Owner establishes the initial budgets and schedule, and must continually monitor the team's activities for conformance to contract requirements.

The Owner, or the Owner's Representative, must first develop the process for selecting the design and construction entities. This includes preparing legal advertisements, scoring criteria and contract forms. Submittals must be reviewed for qualifications. Interviews, final selection and contract negotiations must be completed with specialty consultants, the Designer, and Builder.



During the design phase, documents must be periodically reviewed by the Owner, making timely decisions and giving direction to the Designers. Material selections, systems, and operational impacts must be checked for compliance to the facility program, and the layout of Owner-occupied spaces must be developed with staff input. Owner-provided professional services such as surveys, soil investigation, and material testing must be managed and coordinated with the work of other project participants.

Designer's Responsibilities

- Prepare drawings & specifications
- Design to program space & funding requirements
- Coordinate all drawings
- Evaluate alternates & substitutions
- Observe construction sequence & provide comment
- Prepare record drawings

ZHA

Builder's Responsibilities

- Prepare bid packages
- Receive & evaluate bids
- Coordinate the work
- Contract with subcontractors
- Manage project schedule
- Record all construction costs
- Produce project per drawings & specifications
- Provide "as-built" drawings

ZHA

During the construction document and bidding phases and as value engineering proceeds, the Owner must provide direction on which alternatives and substitutions are acceptable. The Owner must have a working knowledge of how these choices will impact the functional and operational characteristics of the facility. Experience is required in resolving conflicts between team members and directing the project if it is to be completed successfully.

The Owner must also have systems in place that facilitate the payment of invoices from subcontractors and consultants. Change orders and bid allowances must be reviewed for cost and schedule impact prior to approval.

If the Owner enters into this process unprepared, the CM/GC method becomes no better than the conventional method. All benefits of this method are directed in favor of the Owner, but the Owner must be a willing

and knowledgeable participant in the process.

CM/GC Recommended

Budgetary and schedule concerns are an integral part of a large project's ultimate delivery and success. The construction management delivery system is commonly utilized for projects with strict delivery dates, large capital budgets, and a high degree of complexity. There are numerous benefits that accrue to the Owner for using the construction manager/general contracting approach to deliver such complex projects.

An Owner's reliance on the CM/GC approach is based on management systems, reporting, and controls. Proper monitoring of the budget and schedule will require the Owner to participate in the decision-making needed to adjust to changing conditions and successfully complete the work. The major caveat to this approach is that projects require

a certain size and complexity to be cost effective.

With CM/GC, there is an added expense associated with the management team. This cost is offset by savings gained by awarding forty to fifty bid packages, each to the lowest qualified bidder; value engineering, which provides timely input from specialty trades to the design; time savings from bidding early completion packages such as site-work, foundations, and basic structure; and economies of scale for purchasing large quantities of goods and materials.

One service frequently required of the construction manager is stimulating interest for the project in the local market. Breaking the project down into smaller, manageable components also increases the potential pool of qualified bidders, increasing competition, and project participation by regional suppliers. Support of local minority- and women-owned businesses are encouraged through joint ventures.

Selection

The construction manager (CM) is generally selected during the early design phase of the project and becomes a team member functioning in tandem with the Owner and architect.

Most CMs are selected on the basis of such qualifications as previous performance, financial stability, and experience with the specific building type. Upon selection of a firm, a fixed fee is generally negotiated for those services that the construction manager is to furnish.

Design Phase Services

The Owner needs different kinds of expertise from the CM/GC at different stages of the project. During the schematic and design development phases, the focus is on evaluating systems and materials, cost estimating, value engineering, and constructability.

Constructability

The construction manager's input during the design phase provides the team with valuable construction experience not generally available within a design firm. Constructability reviews

often include staging and sequencing, material selections, building assemblies, and connection detailing.

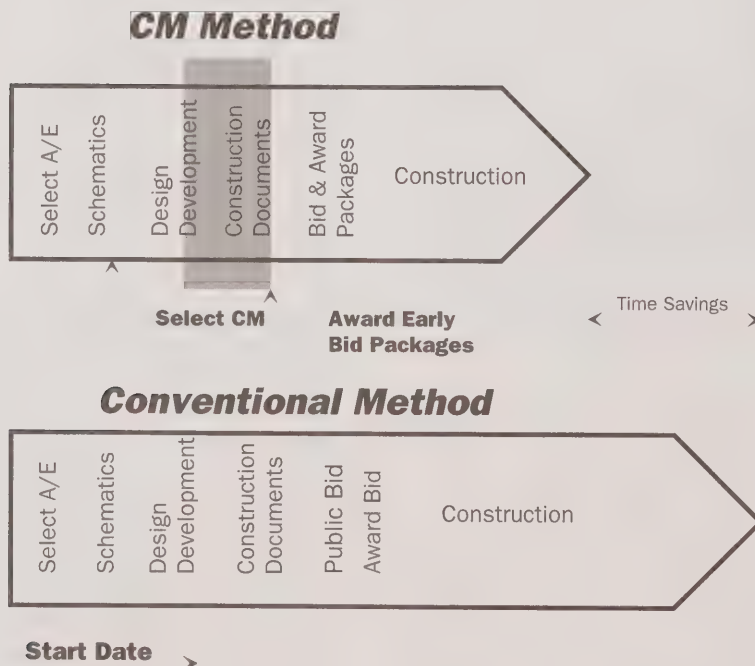
These reviews occur at pre-determined points in the development of design documents. The intent is to identify and solve potential problems before bidding, thereby saving material, labor, and administrative costs related to change orders, as well as construction time.

Cost Control, Value Engineering, and Bidding

At selected stages of the design phase, the CM/GC will prepare incremental cost estimates as increasing levels of detail are known. These estimates help the Owner evaluate the cost of the project as it progresses through design and alert him/her to potential cost overruns.

Cost control is more easily accomplished during design than after contract bidding and award. There is ample time to review alternate systems and materials. The primary objective of this value engineering is to provide the Owner with alternate methods or products that function as well as those originally proposed, but at lower cost while maintaining the performance objectives of the project.

If the CM-at-risk project approach is to be used, the cost estimates are developed so that a guaranteed maximum price



(GMP) can be furnished prior to completion of construction documents. Pricing is prepared to match the packages to be bid on by subcontractors.

Construction can commence prior to having all bid documents 100% complete. Early work packages such as for demolition and site preparation can be performed in advance of the GMP and included in the final contract amount.

Construction Phase Services

Procurement

Bid packaging may include developing contract forms, terms, and conditions, along with project reporting requirements. The design and construction plans can be developed with the strategy of an early commencement of construction activities.

Good planning can provide the team with identification of long lead items and advance purchasing options in order to maintain an orderly progression of construction activity. It also provides the team with advance notification of material and equipment selections and determines availability in the marketplace. It allows the Owner to consider direct purchasing opportunities and to determine Owner-furnished equipment requirements early in the project.

Qualifying Bidders

It is important that qualified trade contractors bid on and perform the work. Through the CM/GC process, the Owner has the opportunity to pre-qualify trade contractors for the project. The construction manager assists in this undertaking.

The process of preparing multiple bid packages is advantageous to the Owner in that the scope of work and schedule for each package is tailored for local conditions and practices. Bidders are pre-qualified, thereby reducing the Owner's risk of having a subcontractor leave the project prior to completion. The multiple bid package process provides the Owner with the best price for a specific item or trade package.

Scheduling

The scheduling of the design and construction durations of a large project are critical to occupancy. Convention centers are economic generators and as such must be completed on time because bookings occur in advance of construction and, in some cases, even prior to the design phase.

The construction manager's master schedule is also utilized within the bid packages prepared for the project. These provide the trade contractors with a planning tool and aids in controlling the overall project.

Developing the overall schedule in advance is a planning exercise. It aids in logistics planning that is critical to a project constructed in an urban setting where site area is limited and movement patterns are strictly controlled. Monitoring the schedule as the work progresses facilitates control of the project, allowing the Owner time for informed decision making. The Owner manages change instead of merely reacting to everyday occurrences.

Guaranteed Maximum Price

As mentioned previously, the construction manager at risk will provide a GMP before construction documents are completed. The GMP is prepared by bid package, and generally all savings derived from the actual bidding are returned to the Owner.

Early work packages can still be bid and administered by the construction manager prior to establishing the GMP. Where unusual site conditions exist or time is of the essence, this may be beneficial. Those contracts already bid can be included as a line item in the GMP.

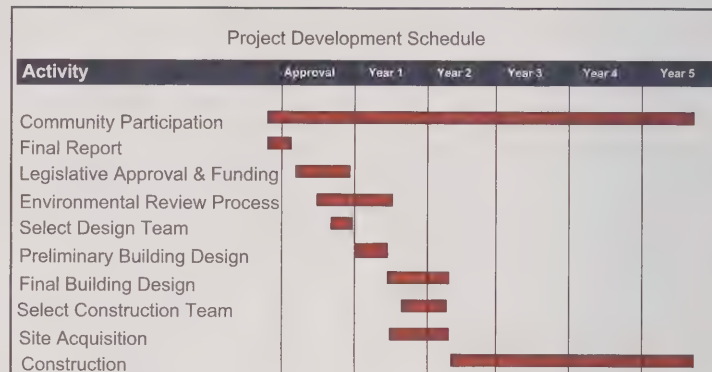
Administration

The technical management of a project is reviewed prior to construction so that value engineering, pricing, and scheduling are in sequence with the actual construction of the facility. The

overall strategy for construction is reviewed and agreed upon early in the process, and potential problems are identified and resolved.

Reporting structures for the project should be defined during the selection and negotiation of the construction manager. Control systems for budget and schedule will be agreed to, and monthly reports made to the Owner should include progress photos, milestones met, contract status, and pending activities.

Project Schedule



Project Budget

Construction Costs	\$ 398,000,000
Design and Soft Costs	\$ 127,000,000
Site Costs*	\$ 160,000,000
Off-site Costs	\$ 10,000,000
Total	\$ 695,000,000

* Includes Acquisition, Demolition and Remediation Costs

- The CM/GC method provides for timely delivery of the project and is much faster than the traditional method.
- The Owner's Team must be supported by a qualified technical consultant or owner's representative throughout the design and construction of the Boston Convention & Exhibition Center.

Conclusions

- The Consulting Team recommends the CM/GC method for delivering this project.
- The CM/GC method provides that the various construction packages are competitively bid.

The primary mission of the Boston Convention & Exhibition Center (BCEC) is to attract convention delegates, exhibitors, and visitors from outside the Commonwealth. Success will be measured by increases in occupied hotel room nights, meals, and retail spending.

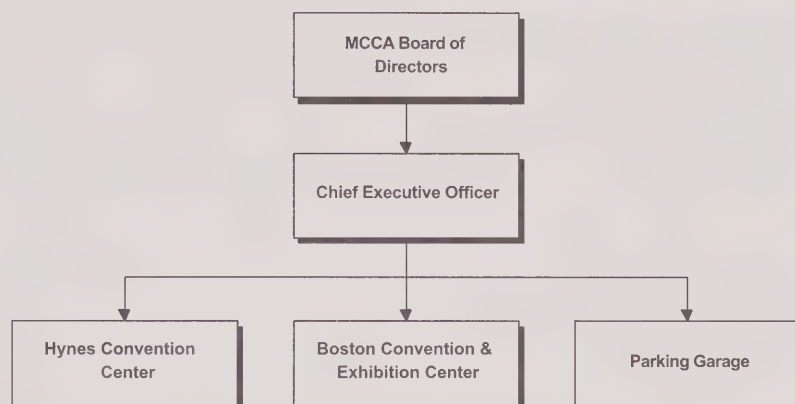
The operational challenges facing the BCEC include aggressively marketing the facility without negatively impacting business at the Hynes, World Trade Center, or Bayside Exposition Center; assembling the staff, materials, and equipment to provide required services to an entirely new clientele, and commissioning the new facility.

Ownership

The ownership entity faces the additional challenges of supervising the delivery of this 1.8 million square foot facility into the community, supporting the development of new hotels within the region and working with infrastructure and other development within the Master Plan Area.

Because the BCEC and the Hynes Convention Center serve a continuum of overlapping mar-

Massachusetts Convention Center Authority



kets and provide a similar range of services, they should be managed and operated under a single management structure.

The Massachusetts Convention Center Authority (MCCA) provides a state-established entity that can serve as the owner of the BCEC. The MCCA currently operates the Hynes and the Boston Common Parking Garage.

Nonetheless, the impact of the new BCEC would significantly broaden the scale of operations and responsibilities of the MCCA and its board members.

- *Combined facilities would be four times the size at present.*
- *Combined operating budgets would be approximately \$20 million annually.*

- *Capital expenditures of \$700 million must be administered.*
- *Capital funding sources are assembled from a broader base than current facilities.*
- *Interaction with the private-sector and City of Boston is required to promote hotel and hospitality development within the Masterplan Area.*
- *Combined facilities must be aggressively, effectively, and efficiently marketed and scheduled.*
- *An entirely new segment of the convention and exhibition marketplace must be actively pursued for the BCEC.*

While the MCCA is assumed to be the logical owner and operator of the new BCEC, the magnitude of demands generated by

the BCEC has prompted the Consulting Team to review the organizational structure of the existing MCCA.

Principles Underlying the Recommended Ownership and Management Structure

The Consulting Team has observed the following principles in other successful operating settings. These principles should be considered in the context of the current MCCA board and management structure in order to allow a larger, more complex organization to succeed in the development and operation of the new facility.

Shared Commonwealth and Local Participation

The anticipated financing will likely draw from the Commonwealth and the City of Boston for sources of payment and credit enhancement. Oversight should be shared by the entities that take financial responsibility through an appropriate mix of appointments to the Authority Board.

Separation of Executive and Management

The MCCA Board of Directors and its Chief Executive Officer should play a policy development and executive role while taking an oversight role in management of operations and marketing. Operational directors of the two facilities, as well as

that of administration, marketing,, and the comptroller should report to the Board through the Chief Executive Officer.

Executive Accountability

The Chief Executive Officer must be accountable to the Board and possess a high level of business skill and experience.

Bottom Line Accountability

The Authority must have a direct interest in increasing the tax yields that its activities produce. There needs to be an incentive to encourage growth in the supply of and demand for hotel facilities and in spending categories such as lodging, meals, and retail spending, which will increase tax revenues that fund debt service and operations.

Strong and Coordinated Marketing Focus

The Authority must participate in the development of a community-wide strategic marketing initiative in conjunction with the Greater Boston Convention & Visitors Bureau and other convention venues within the community. Once established, policies must be promulgated to apply these strategies and maintain highly interactive and productive relationships within the hospitality community.

Proposed Structure of the Board of Directors

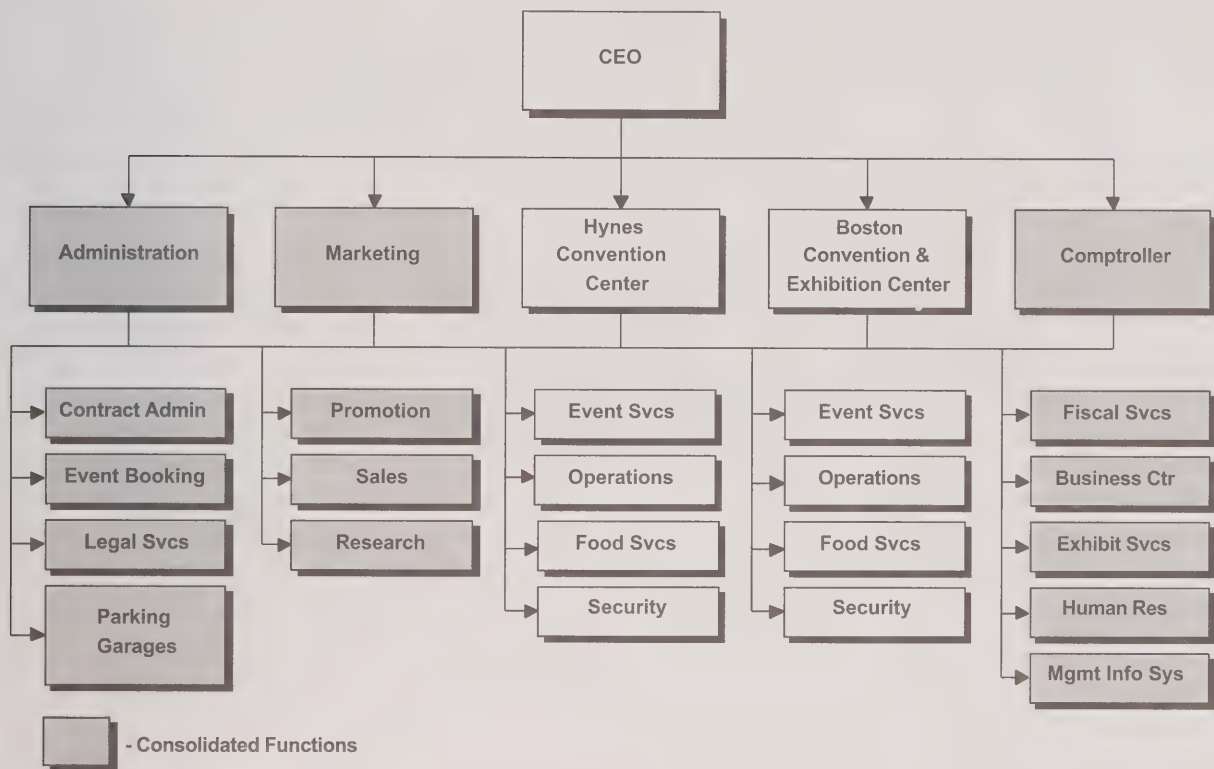
To respond successfully to the demands of the BCEC's development and marketing, and to recognize the broad range of interests that contribute to its success, some changes in the MCCA's structure are necessary.

The financing plan for the BCEC will require new revenues from those who benefit from its operation. Representation from the City, Commonwealth, hospitality industry, and the South Boston community may be appropriate.

Accordingly, the financial officers of both the City and the Commonwealth should be represented on the Board of the MCCA. In addition, representatives of other interests and stakeholders in the development and operation of the BCEC should be considered.

The Chairperson of the Board should be a respected individual who could devote substantial time and attention to the significant responsibilities of that office, particularly during the critical five-year period of construction and advance marketing which will commence with the legislative approval of the project. It is recommended that this individual be appointed by the Governor with the approval of the Mayor.

Proposed Organizational Structure



The Board should have the power to approve all major agreements, including design and engineering contracts, construction agreements, food service management, operating, and promotional agreements.

MCCA Organizational Structure for Management of Operations

The chart above shows a potential consolidated structure for operation of the Boston Common Garage, the Hynes, and

the BCEC that incorporates the principles discussed herein.

The highlighted departments within the organizational structure provide centralized services to the Hynes and BCEC facilities. This consolidation of administrative, marketing, and business services provides \$10 million in annual savings versus operating the Hynes and BCEC as separate facilities with duplication of these services.

Administration

This division provides control of the booking calendar, scheduling of the facilities,

administration of lease agreements with clients and contracts with vendors, suppliers, and labor.

This division supervises the operation of the Boston Common Parking Garage and would oversee any leases for retail operations on the premises.

The current "percentage-based" food service contract at the Hynes expires in 1998. A "management fee-based" contract should be considered when the request for proposals is issued. A discussion of the merits of this contract style is included in the appendix.

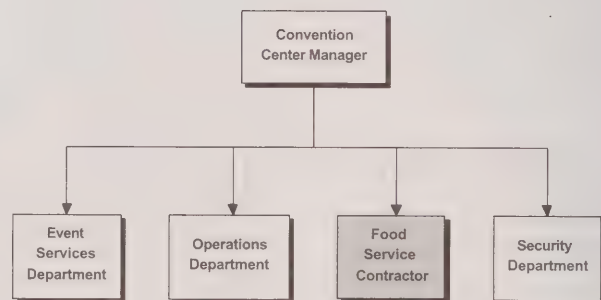
Marketing

The Consulting Team endorses strong marketing, promotion, sales, and research functions at MCCA. The sales staff should aggressively market its facilities in the same way that hotels market their facilities. Its staff will generate leads, develop relationships with clients, and ensure that the standards of the operation are communicated to potential clients and delivered to booked clients.

The MCCA must control the booking and pricing policies of both facilities. These must be explicitly defined in promotions and operating agreements, and coordinated with the mission statements of the MCCA and the Greater Boston Convention & Visitors Bureau (GBCVB), which is responsible for marketing Greater Boston as a destination.



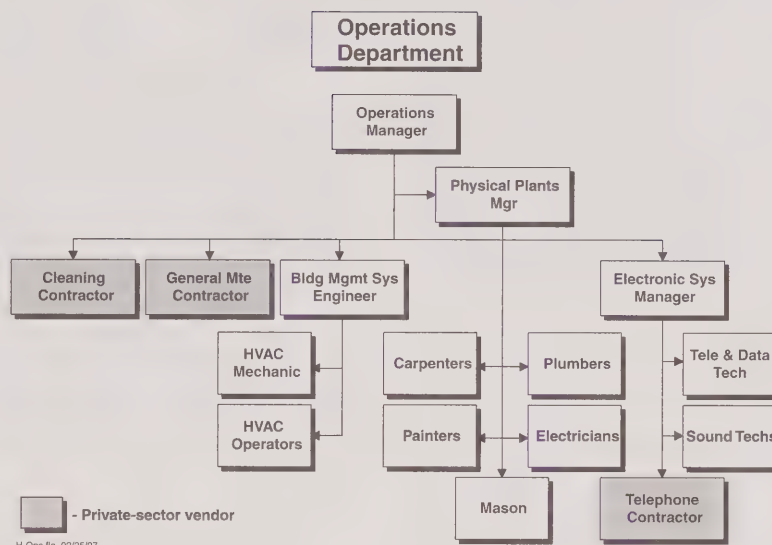
 - Private-sector vendor



 - Private-sector vendor

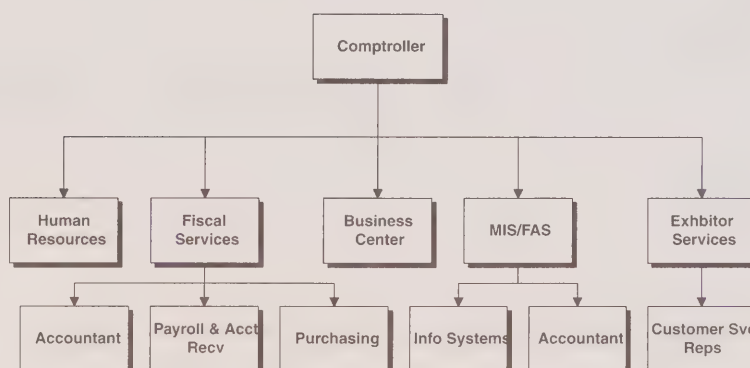
The Hynes and BCEC Operations

These divisions are organized to provide for event production, facility maintenance, and asset management. Operational staff and equipment can be shared between the facilities depending upon event activity. The Consulting Team anticipates an internal organizational structure similar to that presently used at the Hynes.



Comptroller

This division provides a broad range of fiscal and accounting services to the organization. In addition to the services presently provided, the business center, human resources department, and expanded management information system (MIS) services will be required. Distribution and control of exhibitor services, materials are essential elements within this division.



Relation to the Greater Boston Convention & Visitors Bureau

The key to the operational success of the BCEC is a coordinated, community-wide marketing effort led by the Greater Boston Convention & Visitors Bureau. The GBCVB's working relationship with the MCCA is considered good.

When compared with other nationally competitive settings, there are some anomalies in Boston's current marketing approach that must be addressed in order for the BCEC to suc-

ceed. Further, our focus group research identified some capacity and service issues associated with the GBCVB.

Function

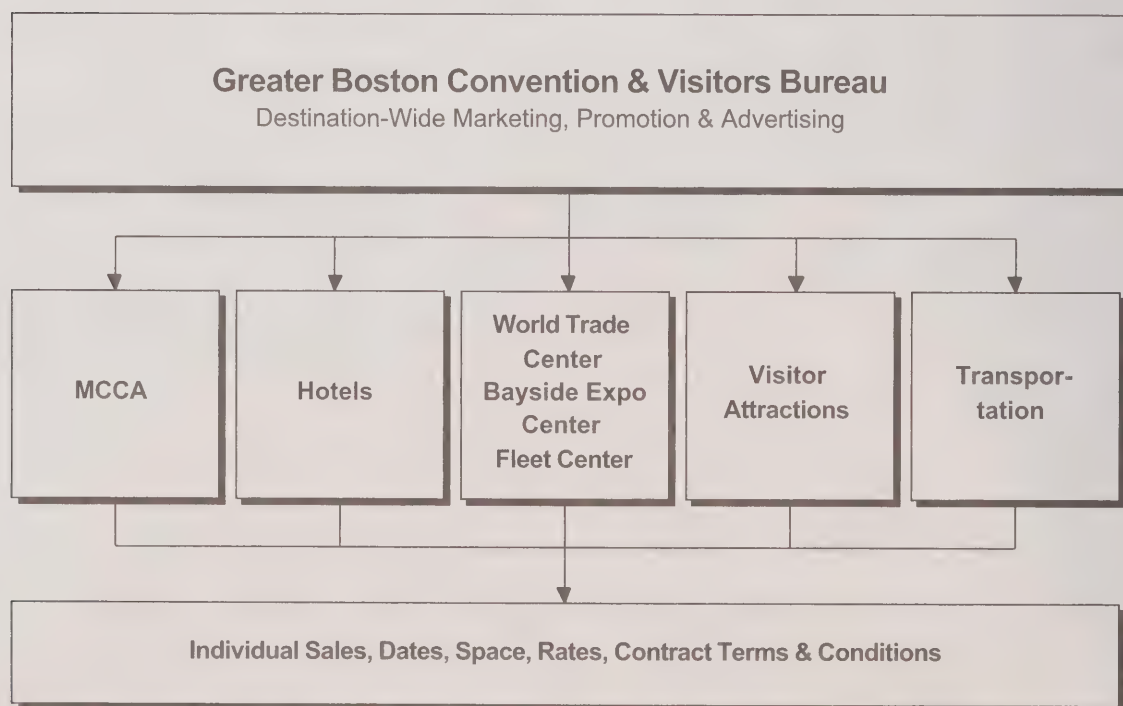
The primary role of the GBCVB is to market the Greater Boston region as a meeting, convention, and visitor destination. Through successful marketing efforts, leads will be generated for the Hynes, BCEC, World Trade Center, Bayside Exposition Center, area hotels, attractions, and other Bureau members.

The GBCVB should coordinate relationships and marketing

activities that link the MCCA to outside supporting entities and bridge the demand segments of both the MCCA, hotels, and other demand generators. Operation of remote offices, destination advertising, and similar activities effect the continuum of demand marketed by GBCVB and should be developed and coordinated by them.

Staff and Budget Needs

The GBCVB must be properly staffed and funded in order to perform its duties. The Consulting Team's survey of similar and competing destinations indicates that the GBCVB is comparatively under-funded.



In order to achieve a competitive level of funding, and to recognize the need for marketing the new BCEC, an operating budget in the range of \$8 to \$10 million per year would be appropriate.

The GBCVB presently receives an extraordinary level of private sector support. Seventy percent of its funding comes from its members and programs. This indicates a strong level of interest in the industry, which should be commended and maintained.

Based on our evaluation, the GBCVB's budget matters can be addressed by resources allocated

to the Hynes, current GBCVB funding resources, and the rate of growth being achieved in the MCCA Tourism fund.

Funding

As is done in the Georgia World Congress Center and Wisconsin Center in Milwaukee, the MCCA should direct more funds to the GBCVB through its promotional agreement. The MCCA in turn should expect collateral and destination marketing support for its needs, and should receive service from the remote offices.

The MCCA Board of Directors should carefully structure this agreement to ensure that the MCCA facilities are properly represented, that the GBCVB is performing its group meeting servicing programs properly, and that the tourism promotion programs are effectively using Boston and the MCCA facilities as feeder markets for pre- and post-convention activities throughout the Commonwealth.

Conclusions

- *Because the BCEC and the Hynes serve a continuum of overlapping markets and provide a similar range of services, they should be managed and operated by the MCCA*
- *The MCCA Board of Directors should be reorganized to respond effectively to the expanded and diversified challenges of developing and marketing the new BCEC.*
- *The policies of the MCCA Board should be implemented by a Chief Executive Officer who is accountable to the Board.*
- *There are significant savings to be gained by consolidating the operation of the Hynes and BCEC.*
- *The MCCA must work in close coordination with the GBCVB and the hospitality industry during the transition period and thereafter.*
- *Coordinated marketing, scheduling, booking, and operational strategies, and efficient operation of facilities, are required for success.*
- *Increased funding at the GBCVB will be required for staffing and budgets to successfully operate the destination's marketing effort.*

Boston Convention & Exhibition Center Project Management Team

COMPANY	DISCIPLINE
<i>Johnson Consulting</i>	<i>Market, Economics & Finance Team</i>
Hale and Dorr	Finance, Construction and Operations Planning
James V. Young	Finance and Operations Planning
Pinnacle Advisory Group	Hotel Consulting
<i>Fort Point Associates</i>	<i>Site & Community Team</i>
Byrne, McKinney & Associates	Land Valuation
Cambridge Systematics, Inc.	Transportation
Haley & Aldrich, Inc.	Geotechnical
Kirkpatrick & Lockhart	Relocation & Acquisition Counsel
M. L. Strategies	Community Liaison
C. J. Murphy Associates, Inc.	Community Liaison
Peter W. Sleeper & Associates	Relocation Specialists
Rizzo Associates, Inc.	Environmental & Site Utilities
Spaulding & Slye	Real Estate Development
<i>ZHA Incorporated</i>	<i>Facility, Construction & Operations Team</i>
Brennan & Partners	Structural Engineering
Daedalus Projects, Inc.	Cost Estimating
Martin Sokoloff Architects, Inc.	Urban Design & Planning
Peña Alcántara Consultants	Cost Review
VOA Associates	Conceptual Organization & Layout

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